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ASD/RD ltr dtd 20 Jun 1974

LOGISTIC SUPPORT IN THE VIETNAM ERA

MONOGRAPH 4

COMMON SUPPLY

A REPORT
BY THE JOINT LOGISTICS REVIEW BOARD

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Enclosures (26)
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INTRODUCTION

1. BASIS FOR STUDY. The Terms of Reference of the Joint Logistics Review Board directed that the review include evaluation of "various cross-servicing and single service support arrangements."[1] In view of the experiences gained in the Vietnam era and studies of common supply systems overseas, the Board decided to treat "Common Supply Overseas" as a separate subject. In this regard, a test of a Common Supply System is now being conducted in Guam, and there have been expressions of interest in similar extensions elsewhere. The Assistant Secretary of Defense (Installations and Logistics) requested that common supply be specifically addressed by the Board.

2. SIGNIFICANCE

a. Of the approximately 4 million line items of supply in the Department of Defense inventory, slightly over 1.9 million are managed by the Defense Supply Agency (DSA), 69,000 by the General Services Administration (GSA), and 60,000 (of which 53,000 are integrated items) by the U.S. Army Tank Automotive Command (TACOM). The line items considered for common supply support fall within the integrated items managed by the DSA, GSA, and TACOM.

b. The entire concept of common supply has not been documented and defined in detail, however the philosophy of the Office of the Secretary of Defense is summarized in the following quotations:

> "We regard common supply systems in a positive sense on the basis that if one system can perform a common task satisfactorily for two or more Defense components, it will, if managed effectively, be able to perform the task more economically than two systems operating dual pipelines."[2]

> "The concept of the use of a single supply system to support multi-Service/Agency common supply requirements in an overseas area has been implemented by the Department of Defense (DOD) to a limited degree in Vietnam. Expansion of the system within Vietnam has been delayed due to in-country problems associated with combat operations. In spite of this delay, objectives of the Common Supply System are still considered valid; therefore, operation of the concept within a more stable environment and under a more limited scope appears to offer considerable advantages."[3]

c. Legitimate pressures for support of commonly used items by means of common supply systems have developed because of documented instances of item shortages in one Service while excesses of identical items existed in another Service in the same geographical area. The conditions under which common supply should be extended and the range of items that should be supported in this manner involve key decisions in consideration of all the factors that influence the responsiveness, effectiveness, and economy of the resultant systems.

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[1]Secretary of Defense, Memorandum, subject: Joint Logistic Review Board (JLRB), 17 February 1969.
[2]Assistant Secretary of Defense (Installations and Logistics), Memorandum, subject: Common Supply System for Guam, 28 April 1969.
[3]Assistant Secretary of Defense (Installations and Logistics), Memorandum, subject: Common Supply System for Guam, 4 April 1968.

3. STUDY OBJECTIVES. This study has the following objectives:

a. Determine and evaluate the effectiveness and economy of common supply support as it existed or evolved during the Vietnam era.

b. Make recommendations and establish guidelines concerning the use of common supply support in overseas areas.

c. Evaluate and make recommendations concerning possible extension of the DSA distribution system to overseas areas.

4. SCOPE

a. In this monograph, the term "common supply system" relates to a plan for the overseas distribution of selected DSA/GSA/TACOM materiel by a designated activity to all military activities in a specific geographical area. The "Common Supply System (CSS)" is a plan for a total system for overseas distribution of materiel covering all integrated items. Included in the study is a review and evaluation of the common supply systems operated in Vietnam. The extension of common supply to Guam, where the system has already been partially implemented, is also examined and a preliminary assessment is made of how the system might function in Japan. The subject of common medical supply is also covered.

b. In addition to the common supply systems described above, this monograph addresses Interservice Support Agreements (ISSAs) to the extent that they constitute an alternative or complementary method of providing common supply support. Further, inasmuch as the basic common supply system concept envisions a single pipeline to a given overseas area for integrated items, the question of the extension of the DSA distribution system overseas is also considered. One significant difference in the DSA depot approach is, of course, the ownership of the common supplies.

c. This review does not cover common services. Further, it does not address such functions as vehicle maintenance or medical services. Also excluded is the furnishing of materiel to nonmilitary agencies of the U.S. Government.

5. ORGANIZATION. This monograph is composed of five chapters. Chapter II discusses common supply during the Vietnam era, including its application to Guam, its proposed application to Japan, the common medical supply support system, and important trends or developments, with details and statistics in Appendixes A through D. Suggested criteria for determining the application of common supply systems in overseas areas is the subject of Chapter III. Additional support for this discussion is found in Appendixes E and F. Possible extension of the DSA distribution system into overseas areas is discussed in Chapter IV. Finally, an overall summary of this monograph is provided in Chapter V.

CHAPTER II
COMMON SUPPLY DURING THE VIETNAM ERA

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1. GENERAL. The purpose of this chapter is to summarize the Board's review of common supply during the Vietnam era. This summary is drawn from the more detailed treatment of the subjects found in Appendixes A through E. Various forms of common supply were used during the period investigated. The use of Interservice Support Agreements (ISSAs), each tailored to a specific situation, were and continue to be the predominant worldwide method for accomplishing common supply support. Additionally, it is well known that a considerable amount of interservice support was obtained without formal agreements. Responsibilities for common support of Military Assistance Advisory Groups (MAAGs) remained assigned to the military departments, who acted in each case as administrative agent. Additionally, a variety of common supply responsibilities, as assigned by the commander of a unified command, were performed in Vietnam. Finally, a test of a common supply system is being conducted on Guam and consideration is being given to the extension of common supply in other areas. Based on these experiences, this chapter highlights the lessons learned and examines new trends and developments in the stocking and distribution of materiel overseas that will have an impact on the common supply systems of the future.

2. COMMON SUPPLY IN VIETNAM

a. Prior to the buildup, administrative and logistic support was provided to U.S. military advisors by the Navy as administrative agent to MAAG. As of 1 January 1965 responsibility was exercised for such support through the Commander in Chief, U.S. Pacific Fleet (CINCPACFLT), the Service Force Commander, and the Headquarters Support Activity Saigon (HSAS), which had been organized for this purpose. The support provided to the MAAG and the U.S. Military Assistance Command, Vietnam (USMACV) included subsistence, a list of common items that were primarily administrative and housekeeping in nature, and requisitioning services. The provision of support through these channels continued during the buildup until other commands gained the necessary capabilities.

b. Under the contingency plan of the Commander in Chief, Pacific (CINCPAC), responsibility for common item supply support was to have been assigned to the Commander in Chief, U.S. Army Pacific (CINCUSARPAC), as coordinated by Commander, U.S. Military Assistance Command, Vietnam (COMUSMACV) after a 180-day period for the assembly of data on projected requirements and establishment of capabilities. Following the adoption of a strategy of graduated military actions and the initial landings, CINCPAC changed his operations plans, and assigned logistic support workloads "to adapt to Service needs and capabilities."[1] In view of the predominance of Marines in the I Corps Tactical Zone (CTZ), primary logistic functions, including common item support, were assigned to CINCPACFLT in April 1965. The Army assumed these functions for the other CTZs in Vietnam.

c. The Naval Support Activity (NSA), Da Nang, authorized in July 1965, assumed responsibility for subsistence in August and for the remaining common items in October. Capabilities for effective support were reached in March 1966, when marginal open and covered storage was available with a full range and depth of common items on hand. Use of this common item support by other Services was gradual and increased as confidence was gained in the effectiveness.

d. Common item support in II, III, and IV CTZs depended on the establishment of an adequate logistical command. The Army's 1st Logistical Command was authorized in principle in February 1965, starting with a small planning group. Approval was a step-by-step process that

[1] General Westmoreland and Admiral Sharp, Report on the War in Vietnam, 30 June 1968, p. 55.

lagged behind the deployment of combat forces. Transfer of support responsibilities from HSAS commenced in October 1965, that for common supply being assumed by the 1st Logistical Command on 1 April 1966. Problems encountered paralleled those in other areas of supply, e.g., deficiencies of organized units because reserve units were not activated, inadequacy of personnel trained in depot operations, and lack of adequate logistic facilities in ports and depots. Another difficulty arose because demand data was lost when the other Services would kill requisitions not promptly filled and obtain the materiel through their own channels.

e. In the fall of 1965 a study for the Joint Chiefs of Staff recommended the establishment of a single system for the supply of common items to all U.S., Vietnamese, and third-country forces. Plans were developed for common item support, by the Army, for all of South Vietnam. Implementation was never accomplished, however, and the plan was set aside by the Secretary of Defense in 1968. Some questions had been raised as to whether or not the single system would be as responsive, effective, and efficient as the two systems then in effect. The basic reason for the decision not to effect the revised system was that the massive effort required by the Army to support its own rapidly increasing forces militated against its support of other Services. Further, the disruption of support likely to occur while altering and expanding common item responsibilities under combat conditions presented an unacceptable risk. Thus, the arrangements for common item support, as implemented in 1965 and 1966, continued.

f. Both the Army and the Navy started with the 3,500 list of common items of HSAS. At the start of 1968, the list in I CTZ was extended to 8,259 at the request of the other Services. It was further expanded to 11,236 items, but later reduced to 4,931 following an analysis of demand experience and commonality. The list was not expanded in other CTZs.

g. Opinions that were solicited from the Services by the Joint Logistics Review Board regarding the success of common supply in Vietnam varied. Comments ranged from the Army's expression of general satisfaction to the Air Force's experience of unsatisfactory mission support. The Navy stated that fill rates were below acceptable standards and that support effectiveness had never reached such a level that was totally satisfactory to Navy Customers. The Marine Corps advised that there were no reported instances of serious impairment of combat capability attributable to outside supply sources.

h. Among the facts and observations developed during this study regarding common item support in Vietnam (see Appendix A), the following appear to be of greatest significance:

(1) CINCPAC's contingency plan, which provided for component commanders to furnish common supply item requirements and assigned responsibility to the Army for providing such support 180 days after execution of the plan, was basically sound. As circumstances actually developed, however, it was appropriate that common supply responsibilities in I CTZ be assigned to the Navy, since it extended Navy Logistic support to combat forces that were predominantly Marines beyond the amphibious phase of combat operations and made full use of available capabilities of all the Services. Further, this change in plan was appropriate in view of the nature of the operations and the geography of I CTZ with logistics support centered in the main port and base at Da Nang.

(2) A stable, definitive list of common items appropriate for common supply support was not included in CINCPAC's contingency plans or developed by the Services in Vietnam. HSAS initially produced a list of items that was essentially made up of a variety of administrative and housekeeping items. The completeness of this list and the multiservice use of these items was never verified. In 1969 NSA Da Nang developed a list of some 4,900 items based on demand and multiservice use that was conceivably a better list. It is of interest to note that, where common use was used as a criteria, none of the lists developed for common item support constituted more than a relatively small portion of the total line items stocked by the Services in Vietnam. In many cases, however, they were high-value demand items.

(3) The lack of a well defined list of common items with acceptable substitutes to be supported through common supply was a weakness of the common supply systems that evolved in Vietnam. It left supported activities in a quandary as to what common items of supply should be

requisitioned through common supply channels, and supplying activities could not be sure which items would be requested and, therefore, should be stocked.

(4) Many items of common construction materiel suitable for common support were not included on common supply lists. As a consequence, these items were not centrally ordered, controlled, and stocked under a single supplier. The fact that a common supply approach was not used for the most part with this commodity may have contributed to the shipping and port congestion, storage problems, and, ultimately, to the creation of the temporary and permanent excesses that occurred in Vietnam.

(5) From the beginning of the Vietnam conflict, subsistence (Class I) items were supported on a common supply basis. Although difficulties were encountered at times in some areas of Vietnam, the effectiveness of support of this commodity was adequate. The same general comments apply to the military system for common support of those petroleum, oil, and lubricants (POL) products used by more than one Service in Vietnam (see POL Monograph).

(6) Self-service stores proved to be an efficient and effective way of issuing common supply items. Stores operated by NSA Da Nang stocked from 1,300 to 2,400 items out of a total range of up to 60,000 to 100,000 items, yet these stores accounted for as much as 66 percent of the monthly issues.

(7) To the extent that the performance of Service supply systems was affected by delays in construction of facilities, personnel deficiencies, and other in-country operating difficulties, common supply performance was equally affected.

(8) The use of common supply in Vietnam was in some cases inhibited by the procedural problems and incompatibilities that existed between Service supply systems prior to and after implementation of common supply procedures. Despite the many previous actions to make Service systems standard and compatible, a satisfactory interface of Service systems has not yet been established.

(9) In attempting to develop a plan for single Service support in Vietnam, the different funding philosophies of the Services cannot be reconciled. The Navy and Marine Corps, who extend financial accountability to the field level both in and out of combat zones, were set up to handle such transactions in Vietnam. Cross-Service funding suited their accounting practices and, therefore, was preferred over common-Service funding. The Army, as a matter of policy, did not extend financial accountability to the theater. Not being geared to handle cross-service funding at the direct support unit level, the Army was, to a great extent, committed to common-service funding. The solution to this major issue and impasse has been to "work around" the problem, but a uniform funding approach is needed to overcome this weakness.

(10) The two systems for common supply in Vietnam were operated totally independently of each other. No uniformity over the procedures utilized was prescribed; neither were the ranges of items supported dictated. Furthermore, all of the Services did not require the use of common supply channels as a normal procedure. When common support was unsatisfactory, the activities being supported began relying on the supply systems of their respective Services in order to assure adequate support of their forces. Then supporting activities were unable to compile valid demand data and establish appropriate stock levels; and the common supply operation suffered.

(11) No economic yardstick was available to measure the costs or savings attributable to common supply. Even without economic aspects based on Vietnam experience, it is apparent that common supply is advantageous for support of such high-volume commodities as subsistence items and selected items of construction material.

i. Appendix A to this monograph reviews the experiences with common supply in Vietnam and includes relevant data and Service comments.

3. INTERSERVICE SUPPORT AGREEMENTS

a. ISSAs were used extensively for supplies as well as other forms of logistic support during the Vietnam era. These agreements, essentially contracts with explicit responsibilities and relationships between the command being supported and the supporting command, were flexible and could be altered on relatively short notice when conditions changed.

b. Based on those ISSAs for which data are available, the value of support provided through ISSAs grew from $229 million in FY 65, of which the Pacific accounted for 26 percent, to $502.7 million in FY 69, 52 percent in the Pacific. Approximately 65 percent of each of these two FY expenditures was concerned with supply support.

c. Further information on ISSAs during this period is provided in Appendix E.

4. COMMON SUPPLY SYSTEM, GUAM

a. The Office of the Secretary of Defense (OSD) selected Guam as an appropriate location for an overseas test of common supply with the prospect of achieving definite economies of operation without degradation of supply effectiveness.

b. In February 1966 the Navy Department had been requested by the Assistant Secretary of Defense (Installations & Logistics) (ASD(I&L)) to review U.S. Government supply activities on Guam for determining areas of potential consolidation. The results of this study, which were transmitted to OSD in February 1967, pointed out that the additional costs would far exceed the projected minimal savings. In 1967 a special review and evaluation of these consolidation possibilities on Guam was conducted by the OSD Deputy Comptroller for Internal Audit. This was, in essence, an evaluation of the conclusions arrived at in the previous study. This study presented findings and conclusions that were, to a great extent, parallel to those of the previous Navy study. Among other findings, the audit report concluded that a great deal of constructive effort had been made in the direction of consolidated supply support by use of ISSAs; that an opportunity for a substantial increase in this type of support apparently did not exist at this time; that a recommendation to consolidate supply management of Defense Supply Agency (DSA) items was inappropriate; and that establishment of one wholesale supply source for all DSA/General Services Administration (GSA) items utilized did not appear to be justified at that time.

c. In April 1968, the two previous studies notwithstanding, the Department of the Navy was requested, with assistance of the Departments of the Army and the Air Force, to develop a plan for a common supply system on Guam wherein the Naval Supply Depot (NSD), Guam would be the supplier. Specific guidance was furnished on the items for inclusion, ownership of materiel, procedures to be applied, activities to be supported, and facilities to be used.

d. The completed plan furnished to OSD by the Department of the Navy in September 1968 was accompanied by qualifying conditions from both the Navy and the Air Force. It provided for implementation in three phases, the first of which accommodated only items commonly used by both NSD Guam and Andersen Air Force Base. The second phase concerns other U.S. Government agencies/departments for items common to them and to NSD Guam. The third phase provides for support by NSD Guam of all integrated (DSA/GSA/U.S. Army Tank Automotive Command (TACOM)-managed) items to all Services, agencies, and departments.

e. ASD(I&L) directed that phases I and II be implemented and that Phase III be deferred to facilitate implementation of the first two. A Navy reclama, based on austere funding, a ceiling reduction in personnel despite the need for increased billets to perform the required additional functions, and the fact that the common items represented a small percentage of the items used by the military on Guam, was rejected. Phases I and II of the plan were implemented on 1 September 1969.

f. The system implemented on Guam is the first and the only existing system that is structured to eventually embody the features of a formalized overseas Common Supply System

(CSS). Its use is, by direction, mandatory. The stated OSD objective is ultimately to have all integrated items in overseas areas supported by CSSs.[2]

g. The Air Force objected to Phase III on the basis that it would not improve support on Guam and that the additive costs involved were unnecessary and unjustified. This phase has not been implemented.

h. Appendix B to this monograph details the development of this system, documents references, and contains descriptive information and analytical data relating to the Guam test of common supply. The most significant facts and findings developed during this study regarding common supply on Guam are as follows:

(1) A common supply system (CSS) on Guam is feasible. As to the degree of support that can be expected from the activity performing the CSS mission, there is no reason to believe that satisfactory issue effectiveness could not be maintained in response to routine requests for materiel, once adequate and appropriate stock levels have been reached. Some difficulty and delay may be experienced in the physical handling of materiel and the processing of issues if manpower resources equal to the increased workload generated under common supply are not provided.

(2) The customer of common supply on Guam has certain advantages that can be readily identified. With supplies close at hand, activities supported can, with a reasonable degree of safety, reduce levels of stocks carried. With a shorter pipeline, stocks are normally more readily available when needed.

(3) The potential value of such a system on Guam is limited by the fact that only 8 percent of the integrated items are common to Andersen AFB and NSD, Guam. Further, of the 5,115 items identified under the criteria established, the Air Force has classified 1,500 as "mission-oriented" and therefore not appropriate for common supply.

(4) Based upon observations of NSD Guam after only 4 months of experience with common supply, it appears that sufficient time has not elapsed for the operation to have stabilized. The requisitioning volume from the Air Force is short of projections, and it would appear doubtful that a monthly volume of 5,000 will be attained. This is due to the fact that no action has been taken by Andersen AFB to reduce stock levels beyond decreasing Order and Ship Time.

(5) According to the report, one of the primary problems in implementing common supply involved the interface between the Air Force stock control system, which utilizes an advanced computer, and NSD Guam's system, which utilizes an antiquated card system. The Air Force submits requisition modifiers, cancellations, or follow-up requests that are automatically produced by their mechanized system. Upon receipt, NSD Guam must manually process these requests.

(6) Of the 3,195 demands received from Andersen AFB between September and December 1969, NSD Guam recorded issues of 2,464—an issue effectiveness of 77 percent.

(7) Essentially, the common supply concept has the effect of transferring the requisition processing and distribution functions of depots and inventory control points (ICPs) in the continental United States (CONUS) to the overseas common supply supporting activity. The undesirability of this workload transfer is partially offset where common items are supported and some benefits are derived. When no common usage between Services exists, there are no offsetting advantages to compensate for the increased workload that falls on the supporting activity, and no justification is seen for extending common supply to include items used only by one Service.

[2]Assistant Secretary of Defense (Installations and Logistics), Memorandum, subject: Common Supply System for Guam, 4 April 1968.

(8) The greatest concern regarding effectiveness centers on the ability of the supporting activity to cope with emergency requirements of its requisitioners. Responsiveness to emergencies may not be sufficiently timely even if the supporting activity has stock available. For example, the Air Force has established response time frames ranging from 15 minutes to 8 hours to meet flight line requirements. The possibility that any offbase supporting activity could respond to such short time frames in more than a few cases is considered remote. The distances between activities and the time required to deliver materiel are both deciding and limiting factors. Another factor is the capability of supporting activities to react to emergency situations. NSD Guam, for example, has recently suffered a cut of 26 percent in its operations and maintenance budget. This cut has resulted in the curtailment of many services previously performed, including the delivery of materiel after normal working hours, even in emergencies. Circumstances such as these have an adverse impact on effectiveness. The operation of this CSS adds a requirement for services by NSD Guam at a time when its capability is diminished because of greater austerity.

(9) In brief, the introduction of the common supply system on Guam is resulting in increased workload, investment, and transportation costs. Savings sufficient to compensate for these added costs have not been identified.

5. JAPAN AS A POSSIBLE COMMON SUPPLY SITE

a. To determine if the item profile on Guam was typical or unique, and in consideration of knowledge that Japan was also being considered by the OSD for a common supply system, representative stockage profiles from Service activities in Japan were obtained and analyzed. This study match-merged 243,756 integrated-(DSA/GSA/TACOM-managed) item cards by federal stock number, representing 213,354 separate line items stocked by large Army, Navy, and Air Force activities in a general geographical area. Only 2.5 percent were common to the three Services and the highest degree of commonality between two Services was 9 percent. The following table indicates the commonality factors:

Activities Merged	Items Common to Two	Items Common to All Three	Total Columns 2 and 3	Percent Common to Two*
Army/Air Force	2,870	5,353	8,223	6
Navy/Air Force	5,713	5,353	11,066	7
Army/Navy	12,113	5,353	17,466	9

*Note: Total line item counts by Service are shown in paragraph 2a, page C-3.

b. Appendix C to this monograph details the statistical information gathered and further explains the analysis and findings. Appendix F describes time, distance, and traffic factors that would affect distribution of supplies.

c. As in the case of Guam, commonality between two Services does not differ greatly (7 to 9 percent in Japan versus 8 percent on Guam). Time, distance, and traffic factors, however, are considerably more severe.

6. COMMON MEDICAL SUPPLY SYSTEM

a. In 1968, the Army responded to a request from the OSD by conducting a Common Medical Supply Study to determine the most advantageous arrangement for providing medical materiel support for all Services in South Vietnam, Thailand, Korea, Japan, and Okinawa. The study sought to determine whether requisitions from all Services for common medical supplies should be routed through Army Medical Supply Channels in Vietnam and Okinawa.

b. The study resulted in no change to the existing support pattern in Vietnam, Thailand, and Japan, where each Service provides for its own medical supply support. The Common Medical Supply System was adopted in Korea and Okinawa, with the Army depots in these two countries designated to support the installations of the other Services commencing in 1970.

c. The details relating to this study, together with descriptive information and service comments, are in Appendix D. In brief, the study indicated that fewer requisitions will be forwarded to CONUS, bulk shipments will increase, and the source of supply will be closer to the user. Conversely, an increased investment in inventory will be required, a net increase in operating costs will result, and personnel strengths will be modestly increased.

7. NEW TECHNIQUES AND TRENDS

a. The stocking of materiel overseas and the distribution of materiel to overseas activities will be influenced considerably in the future by lessons learned during the Vietnam War. For example, reliance on overseas depots will decrease because of the rapidity with which requirements can be electronically transmitted from combat theaters to CONUS supply sources, processed by computers, and, if appropriate, transported by airlift. The Air Force, which matches or excels the other Services in exploiting these capabilities, has eliminated overseas depots.

b. Another development that occurred during the Vietnam era and promises to have a profound effect on the movement and distribution of materiel was the introduction of containerized service. The full potential of containers is yet to be realized, but every form of materiel distribution will need continuous evaluation as the proper use of containers evolves and they become an integral part of distribution systems. One objective currently being pursued involving the use of containers is the direct throughput of materiel from source to final user as far forward as possible. Direct shipments to users without intermediate handling is considered to be the most advantageous manner in which containers can be employed. Such direct shipments would tend to decrease dependence on common supply systems as well as Service depots in forward areas.

c. Materiel requirements for combat service support forces were unduly large in Vietnam as a result of maximizing logistics functions in the theater of operations. By limiting the level of logistical activity, particularly maintenance, performed in an overseas theater to that which cannot feasibly be performed elsewhere, a decrease in theater stockage could be effected. Stocks retained overseas would then generally be restricted to fast moving, repetitive demand items (see Supply Management and Maintenance monographs for additional discussion). Many items that will not qualify for stocking overseas but may be required periodically will be moved by air as requirements arise. This stockage concept recognizes and takes advantage of the increased air capability which the C-5A aircraft will contribute to the defense posture. The items in this air movement category will consist primarily of repair parts, insurance items, and high-cost repairable materiel.

d. Reduced range and depth of stockage overseas and increased use of airlift and containers will have a decided impact on the economies and effectiveness of common supply systems. Reduction of stocks in range and depth and increased use of airlift are expected to have the greatest impact on service-peculiar items, thereby enhancing common supply support prospects by increasing the percentage of overseas stocks that are used by two or more Services.

8. CONCLUSIONS

a. Common supply support of high-density items with a predictable demand, such as subsistence and selected items of packaged and bulk POL, was generally performed effectively in Vietnam. Evidence exists that other high volume items used by two or more Services, such as selected items of construction material, could have been supplied more efficiently had common supply procedures been used (see Construction Monograph) (paragraphs 2a, 2c, and 2h).

b. Performance of Service supply systems was affected by delays in construction of facilities, personnel deficiencies, inadequate automatic data processing equipment, permissive requisitioning procedures, and other in-country operating difficulties. As a result, effectiveness in supply of housekeeping items and repair parts was varied and often unsatisfactory. Insufficient cost and performance data were recorded in Vietnam to permit a valid evaluation of the relative effectiveness and efficiency of these common supply systems (paragraphs 2d and 2h).

c. A standard list of items to include acceptable substitutes, suitable for common supply in contingency operations should be developed by the Services. That list should be used by the commander of a unified command in the planning phase in determining which items would be supplied by common supply procedures. For the selected items, a phased shift from Service supply channels should be made under the control of the commander of a unified command as soon as requirements can be developed and capabilities for effective common support established (paragraphs 2f and 2h).

d. Full use should be made of Interservice Support Agreements in local situations wherever overall effectiveness and efficiency can be enhanced (paragraph 3).

e. Preliminary indications are that support of common items on Guam under the common system installed is satisfactory. It is resulting, however, in increased investment costs, additional workload, and other costs associated with common supply support, without evidence of significant economic benefits being realized. No justification is seen for extending common supply to include items used only by one Service (paragraph 4).

f. Other applications of common supply systems should be determined on a case-by-case basis after detailed analysis of the costs associated with multiple processing of requisitions, additional handling, and transportation as related to supply responsiveness (all paragraphs).

g. Trends in the reduction of overseas stockage with increased reliance on airlift, improved communications, and development of logistics systems that exploit the application of containers in the movement and storage of supplies, will have considerable influence on the performance and economics of future common supply systems (paragraph 6).

h. There is a need for the establishment of sound criteria to apply when making future decisions regarding the proper application of common supply systems in overseas areas (all paragraphs).

CHAPTER III
CRITERIA FOR COMMON SUPPLY IN OVERSEAS AREAS

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1. INTRODUCTION. To achieve the benefits of common supply systems under conditions where costs are minimized and savings are promoted, it is essential that these systems be designed to operate within certain criteria. Consideration must be given to a number of factors that affect the performance of common supply systems. These factors include mission, cost, and resource considerations; the environment under which these systems can be operated most successfully; recognition of techniques and trends in the shipment, stocking, and distribution of materiel overseas; funding and procedural matters; the implementation and control of common supply systems in both peacetime and contingency situations; and, of greatest importance, the selection of the range of items to be supported by means of common systems. These factors, relevant conclusions, and recommendations as to the criteria for the application of common supply systems are presented in this chapter.

2. SELECTION OF ITEMS

a. The items stocked by individual activities overseas consist of both service-managed and integrated manager (Defense Supply Agency (DSA)/General Services Administration (GSA)/ U.S. Army Tank Automotive Command (TACOM)) items. A wide range of both types of items is represented on most inventories as shown in Appendixes A, B, and C.

b. The analysis of the common supply operation on Guam (Appendix B) indicates that the proposal to support all integrated items under this concept is impractical. The costs that would be incurred are excessive. It requires the stocking of thousands of items and the needless processing of numerous transactions by a third party that has no interest in or use for the items concerned. Moreover, no increased effectiveness or economic advantage is obtained by supporting noncommon integrated items under common supply systems.

c. Therefore, as a starting point, common supply systems should be concerned with items that are common to two or more Services. Even among common-use items, however, certain exceptions should be made. First, certain technical items, such as repair parts for military equipment and combat-essential or mission-oriented items, because of their limited use and special application, are more susceptible to direct support arrangements. As pointed out in the Guam portion of this study, most critical or emergency situations that may arise and confront a supporting activity would be concentrated in this particular area. Better effectiveness will result if assets of these types of items are concentrated at using activities.

d. A second category of items that appears to have only marginal potential for common supply treatment are those that have a small annual dollar demand. These items are more costly to order than to hold and should be ordered in economic order quantities (EOQ). Removing items of this nature from those to be supplied by common supply systems would greatly reduce the workload at the field level by eliminating the need to process requisitions for inconsequential amounts.

e. The reduction of the range of common items to be supported through common systems that would be accomplished by the two above exclusions would leave a hard-core group of items that seem most appropriate for distribution through common support channels.

f. For the purpose of selecting the range of integrated managed items to be included in common supply systems, such items could be stratified in three categories:

(1) Category I—Items that have high, stable, predictable demands, amount to large bulk and tonnage, and are used by two or more Services in the overseas area being considered (e.g., subsistence items; packaged petroleum, oil, and lubricants (POL); bulk petroleum, such as motor gasoline; and selected construction materials).

(2) Category II—Items that are used by two or more Services but do not meet the stable and high demand criteria of Category I.

(3) Category III—Items that are used by only one Service in the area.

d. The Category I items are clearly suited to common supply system support. As indicated in the examples above, there are some categories of materiel that meet all the criteria for this category and should be considered for inclusion in any common supply system. Subsistence items are particularly well suited to common supply support arrangements, and common support of subsistence items in Vietnam was very effective. Other commodities not shown as examples above, such as clothing, medical, automotive, and general supplies, also will include items that meet the Category I criteria and should be included in common supply support arrangements.

h. Category II may include items suitable for inclusion in common supply support arrangements, depending on the significance of the costs involved and the degree of disruption of normal supply channels. Determinations must be made on an individual-item basis for materiel falling into this category.

i. The Joint Logistics Review Board can find no sound reason for including Category III items in a common supply support arrangement. To include these items in a common supply support arrangement would force an abnormal support system under the facade of common supply, when in fact there is no common usage.

j. Positive identification of common supply items (and all valid substitutes) should be accomplished by joint action of the Services using the guidelines and criteria developed above. Once identified, these items should be compiled in a common supply catalog to be used overseas whenever common supply systems are established. Such a catalog would clearly define the boundaries of common supply and overcome a serious weakness of previous systems. In addition to the broad guidelines provided by the category definition outlined above, the items included in these catalogs should reflect further considerations discussed in the succeeding paragraphs.

3. MISSION CONSIDERATIONS. Because of reasons of strategic importance, response time, or other unique or critically essential factors, the assigned mission of a military activity may dictate that it be entirely self-sufficient from a logistic viewpoint. These factors would preclude such an activity from being dependent on a common supply system but would not rule out the possibility of it providing another organization common supply support.

4. COST CONSIDERATIONS. A reasonably detailed cost study should be performed in conjunction with each proposed common supply system application. The analysis of the Guam application presented in Appendix B is illustrative of such a study as it addresses the principal cost elements associated with ordering and holding supplies as well as other workload factors that may influence personnel strengths. The cost study should not only be used as one basis for the determination of whether or not a common supply system application is warranted, but may, in some circumstances, suggest which of two or more Service activities should function as the common supplier. For example, differences in stocking and reordering practices may indicate that significant savings would be achieved by having a Service that is not the dominant user provide the common supply support.

5. ENVIRONMENTAL CONSIDERATIONS

a. The establishment of common supply systems should be considered for only those areas where local conditions and circumstances make it practical to do so. In a geographical sense, this means that supporting and supported activities be so located that time and distance factors

are not inordinately lengthy and that backhauling of supplies is not required. The pattern and schedule of in-country transportation delivery systems must be considered. Transporation costs and port handling costs require evaluation to insure that basic common support economies are not undone.

b. Mission and resource considerations should always be examined in the context of the local environment. One aspect of this factor that merits special mention is that of possible or probable change. That is, the current and future missions of military activities involved should be reviewed to forestall changes to support arrangements in the event of mission reduction or base closure. Similarly, common supply systems should not be established where likely contingencies will require a change.

6. PIPELINE CONSIDERATIONS

a. A major avowed purpose of common supply systems is to consolidate materiel pipelines to support multi-Service supply requirements. Theoretically, common supply seeks to achieve a single supply line for integrated items to overseas customers in specified localities. Factually, however, this single line satisfies but a portion of the requirements of these activities. The Services each manage items that flow through Service pipelines to their worldwide bases. These lines are neither eliminated nor substantially altered by common supply lines and their retention is, of course, necessary. In describing the distribution of materiel from CONUS to overseas locations, it is inaccurate to assume that Service pipelines are duplicative. Most of the integrated managed materiel moving overseas is not duplicated, since the vast majority of the items have but single Service use in a given area. Duplication actually exists only with respect to items commonly used by two or more Services, and it is only in this area that potential savings may be realized.

b. For overseas requisitioners there are as many pipelines as there are depots that supply these requisitioning activities. For example, an Air Force activity would be served by five Air Materiel Areas (AMAs), nine DSA defense depots, at least one GSA regional depot, and each depot stocking TACOM items. Under common supply systems, the number of activities requisitioning upon CONUS would be reduced, but the number of points from which integrated items are shipped would remain unchanged. This factor becomes important when evaluating shipment consolidation possibilities, as well as other pipeline considerations such as requisitioning procedures, handling, and movement. Possible simplifications, as well as complexities, that could result from increased application of common supply systems are described in Appendix F.

c. Responsive supply support is currently being provided to overseas customers through direct support from CONUS sources, whether through Service or integrated manager channels. Common supply will affect integrated supply lines somewhat by reducing flow to individual activities and increasing flow to supporting activities in a given area. Alteration of satisfactorily performing systems to accomplish additional consolidations should depend on proven increased support effectiveness or greater economy without any reduction in such effectiveness.

7. IMPLEMENTATION AND CONTROL

a. Whether in a peacetime situation or a wartime environment, the responsibility for implementing common supply systems, if assigned to commanders of unified commands in accordance with the authority currently vested in them by JCS Publication 2 for common supplies and services, will ensure greater enforcement and uniformity in each respective area of command.

b. Commanders of unified commands, through subordinate commanders and component commanders, are in superior positions to (1) assess the appropriate geographical areas and make the determination as to where common supply systems would be appropriate; (2) decide which activities will participate; and (3) decide which Service will be tasked to provide common item support. It is perfectly conceivable that responsibility for support in a given area will be assigned to more than one Service based on Service capability, dominant Service presence, and location of activities that logically can provide support.

c. Jointly developed Service implementation and operational guidelines will assist directing authorities in the establishment of common supply systems.

d. Incorporation of the manner in which common supply support will be employed in emergency situations into the contingency plans of commanders of unified commands will be of value. A particularly important element of this planning would be the phasing-in of common supply into a combat theater. In a combat environment, the establishment of effective common supply support is dependent on the availability of adequate storage facilities, trained personnel on the scene, forecasts of requirements for the forces to be supported, and the acquisition of sufficient stocks to achieve a satisfactory degree of effectiveness. Until these conditions are attained, providing materiel in other categories of common supply is appropriately a responsibility of the Service concerned with its use, through its own channels or by special arrangements with other Services. The period of up to 180 days specified in the plans of the Commander in Chief, Pacific (CINCPAC) to build up and establish common supply appears sound. In some instances and for some categories, however, the introduction of common supply into a theater of operations cannot wait until the above conditions are met. For example, immediate control may be required for subsistence items, selected items of POL, and heavily used construction supplies, as well as individual items of other commodities subject to early interservice competition.

8. USE OF INTERSERVICE SUPPORT AGREEMENTS

a. Interservice Support Agreements (ISSAs) are locally negotiated arrangements wherein materiel or services are provided by an installation of one Service to an installation of another Service. ISSAs are used extensively both in CONUS and overseas. They constitute an alternative or complementary method of achieving certain aspects of common supply and should be considered whenever a formal common supply system must be rejected for one of the reasons described in the preceding paragraphs.

b. The major advantage of ISSAs rests in their inherent flexibility. For example, where local procedural or financial accountability differences mitigate against the establishment of a formal common supply system; a special ISSA might be negotiated that would provide the desired level of common support. In this manner, cost savings or improved effectiveness could be achieved without a requirement to make other adjustments, deemed at that point in time as undesirable, that would be necessary to establish a comprehensive common supply system.

c. ISSAs are discussed in more detail in Appendix E.

9. CONCLUSIONS AND RECOMMENDATIONS

a. Conclusions

(1) Common supply offers an opportunity to provide effective and economical support of military activities overseas. Common supply support should be established for integrated management items that have high, stable, predictable demands, amount to large bulk and tonnage, and are used by two or more Services in an overseas area. Clear-cut examples of such items are subsistence items and common construction materiel. On the other hand, there is no apparent merit in having one Service stocking materiel and providing support to another Service that is the only user of that materiel (paragraph 2).

(2) The Services should jointly develop a list of common supply items, with acceptable substitutes indicated, to be published in a common supply item catalog; jointly establish and agree to common supply and funding procedures; and require use of common supply as a normal procedure, wherever implemented (paragraph 2).

(3) In certain areas, common support may or may not be practical or desirable in whole or in part depending on time and distance factors, significant backhauling problems, insufficient resources, situations that could impair mission performance, and abnormal costs caused by local conditions. Whether or not likely contingencies will require changes is also an important consideration (paragraph 5).

(4) In combat or contingency situations, involving joint operations, the commanders of unified commands should select in advance the Service or Services to be responsible for common supply following the dominant user principle. As the commander of a unified command and as authorized by JCS Publication 2 (Articles 30603 and 30605), the Commander in Chief Pacific's designation of common supply responsibilities in Vietnam followed this principle (paragraph 7).

(5) A prerequisite for efficient common supply support is lead time for implementation. The decision to implement must be firm and reached at an early date; however, in many fast developing situations, the phase-over to common supply may be programmed as late as 180 days from the date of the decision (paragraph 7).

(6) Supply support of some military activities in a given geographical location where common supply has not been established can be accomplished through Interservice Support Agreements, a flexible means of making local support arrangements (paragraph 8).

b. Recommendations. The Board recommends that:

(CS-1) Common supply overseas be applied to a definitive list of items, substitutes included, jointly developed by the Services; that common supply be implemented with a jointly prepared set of common supply and funding procedures; that it be used as a normal procedure whenever implemented; that implementation in both peacetime and emergencies be at the direction of commanders of unified commands following the principles of JCS Publication 2, Section 6, in assigning responsibility for common supply to Services; that commanders of unified commands tailor implementations as to items to be supported, designate the Service or Services to provide such support, and schedule the phasing-in of common supply in times of emergency; and that the specific determinations made regarding common supply support during emergencies be included in appropriate contingency plans (conclusions (1), (2), (4), and (5)).

(CS-2) In jointly developing a catalog of integrated manager items to be supplied under common supply procedures, the Services categorize such items as follows:

(1) Category I—Items that have high, stable, predictable demands, amount to large bulk and tonnage, and are used by two or more Services in the overseas area being considered.

(2) Category II—Items that are used by two or more Services but do not meet the stable and high-demand criteria of Category I.

(3) Category III—Items that are used by only one Service in the overseas area being considered (conclusions (1) and (2)).

(CS-3) When jointly deciding whether integrated manager items should be included in a common supply system, the Services utilize the following decision rules:

(1) All Category I items should normally be included in the common supply system.

(2) All Category II items should be carefully reviewed to determine which items must be included in the common supply system being established, with due consideration being given to the significance of the costs involved and to the impacts on normal Service supply procedures.

(3) All Category III items should normally be excluded from the common supply system (conclusions (1), (2), (3), (5), and (6)).

(CS-4) The commanders of unified commands and appropriate service commands, in carrying out their responsibilities for providing and arranging supply support of their forces in peacetime or during war, use the following criteria for initiating common supply:

(1) Mission performance of supported activities will be improved.

(2) Common supply economies override additional costs at local level.

(3) Resources are sufficient to provide the required support.

(4) Time and distance factors do not adversely affect performance.

(5) Considerable backhauls will not be involved.

(6) Likely contingencies will not require a change (conclusions (3), (4), and (5)).

(CS-5) In addition to common supply as directed by the commanders of unified commands, the Services be encouraged by the commanders of unified commands to augment common supply support through the use of Interservice Support Agreements where a potential exists among individual Service activities for this type of support (conclusion (6)).

(CS-6) The Office of the Secretary of Defense reject the concept of providing overseas support for the full range of Defense Supply Agency/General Services Administration/U.S. Army Tank Automotive Command items through common supply systems (all conclusions).

CHAPTER IV
ESTABLISHMENT OF DSA DISTRIBUTION POINTS OVERSEAS

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1. INTRODUCTION. Other portions of this report discuss when and how a common supply system should be implemented for the distribution of materiel to overseas areas. Normally, it is envisioned that these systems would be operated by a designated Service through an appropriate activity of that Service in the geographical area concerned. It is possible, however, that some wholesale common supply support overseas could be performed by the Defense Supply Agency (DSA) through the establishment of distribution points overseas. In view of this possibility, this chapter examines some of the considerations that the Joint Logistics Review Board believes are important to such a decision.

2. BACKGROUND

a. Several fundamental considerations are involved in the question of the management of DSA items in overseas areas. These include the basic responsibilities of the military departments, Services, and unified commands; the relationship to the logistic systems of the Services and their supply distribution channels; military considerations in forward areas; and the points at which the Services should have full control and ownership.

b. Prior to the establishment of DSA and in connection with the assignment of integrated management responsibilities to the military departments, senior logistic officers of the Services set forth principles of logistic management and projected the application of these principles to functional areas. The principle set forth with regard to distribution was as follows:

> "B. Principle:
>
> "Each Military Service must maintain its own operationally sensitive distribution system of sufficient scope to provide tailored combat support.
>
> "Rationale: At some point in the total distribution system from producer to military user in an actual or potential combat environment, the distribution system must be specifically tailored to support combat operations. Since each of the Services operates to discharge its assigned missions in essentially different combat postures, the ends of distribution systems must be oriented toward the peculiar operational requirement of each Service, including the requirements placed on the Services by the Unified and Specified Commands."[1]

In the application of the principles one of the areas noted as requiring understanding of Service/Integrated Material Manager relationships was:

> "Integrated Materiel Managers distribution system should extend as far into the support operations of each Military Service as each Service's military commitments may permit. This maximum extension of distribution responsibilities will result in the maximum of economy by reducing the need for Service inventory investment, management and distribution capability. However, the Integrated Materiel Manager's distribution system must be tailored to satisfy Military Service requirements."[2]

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[1] Department of Defense Agreement (Military Logistics Chiefs), Interservice Agreement on Principles and Functional Assignments in the Area of Combat Supply Services, 2 May 1961.
[2] Ibid.

c. The above principle and rationale are in recognition of the fact that the logistic systems of the Services are, and for maximum effectiveness must be, tailored to their different roles and missions, and the nature and environment of their operations. They must be responsive to dynamically changing situations involving mobile forces under both normal and combat conditions. The integrity of the individual Service system becomes increasingly important as the likelihood or intensity of combat increases.

d. The secretaries of the military departments are responsible for the readiness and logistic support of the forces of the Department. In the case of forces assigned to the operational control of a commander of a unified command, responsibilities are exercised through the Service chains of command, with coordination being exercised by the commander of the unified command concerned. These basic responsibilities are set forth in Volume II of this report. Forces assigned to the commander of a unified command are under his full operational command. He is authorized to exercise directive authority in the field of logistics to insure effectiveness and economy in operations and the prevention or elimination of unnecessary duplication of facilities and overlapping of functions among the Service components. Under wartime conditions and when critical situations make diversion of the normal logistic process necessary, the logistic authority and responsibility of commanders of unified commands are expanded to authorize them to utilize all facilities and supplies of all forces assigned to their command as necessary for the accomplishment of their missions under the approved war plan being implemented. The responsibilities of each of the Services for logistic support of its own forces in a unified command are defined, together with the method by which the unified commander exercises coordination in JCS Publication 2. Experiences in the Vietnam conflict have given further evidence of the soundness of these responsibilities, authorities, and relationships. Any potential change in these relationships necessitated through the introduction of DSA distribution points in overseas areas should be thoroughly evaluated in coordination with the Joint Chiefs of Staff and the military departments.

e. When DSA was established in 1962, its original charter restricted its operations to the United States. The current DOD Directive 5105.22, dated 9 December 1965, retains this restriction in force by stating that "DSA operations will be conducted within the United States, excluding Alaska and Hawaii except as specifically extended by the Secretary of Defense."

f. In its report "Progressive Refinement of Integrated Supply Management" (PRISM), published in March 1965, a study group convened by the Assistant Secretary of Defense (Installations and Logistics) (ASD(I&L)) recommended in part:

> "C-19 That the DSA re-study its depot distribution system requirements to include the following considerations:
>
> "...(f) The possibility that DSA centralized depot stockage should be established in principal overseas areas for the support of all forces deployed....
>
> "G-5 OSD establish the applicability of SSDs[3] to support overseas forces."

The report contained no detailed discussion or analyses of pros and cons. It did state: "Four separate pipelines for DSA managed items are maintained to support forces overseas." It mentioned "opportunities for pipeline consolidation and system purification..." and stated: "This review should examine the opportunities for shortened pipelines, increased efficiency and reduction in inventory investment from a DOD-wide point of view which can be brought about by location of DSA wholesale inventories in those areas where troop concentration will support it." More recently, a finding of the Defense Inspection Service resulting from an inspection of DSA in 1968 (report dated 12 February 1969) stated:

> "There is a need to examine common item support responsibility for military forces overseas, under conditions of both combat and peaceful occupation, with attention to the feasibility and economies of establishing DSA distribution points beyond the continental limits of the United States."

[3] Under the Specialized Support Depot (SSD) concept, DSA owns wholesale stocks at the Navy Supply Centers, Norfolk and Oakland.

Again there was no detailed discussion or analysis. One reason given was "duplication of storage facilities for common supply." The examples given were the Marine Corps 3d Force Service Regiment, the Army's Machinato Service Area in Okinawa, and the network of Army depot and Air Force bases in Germany. A need was expressed for "a uniform logistic system to provide common item supply and service support under conditions of military operations, or those of prolonged military occupation of a foreign country." It stated that DSA had special capabilities "to provide a uniform logistic system for common item support."

3. ANALYSIS

a. Although the issue of establishing DSA distribution points overseas might, from the background in paragraph 2, appear to be dormant, there are indications that such a move may be again under consideration.

b. The possible advantages forecasted for the overseas establishment of DSA distribution points include reducing the number of pipelines and shortening pipelines to the using Services (see paragraph 2). In evaluating overall pipeline economies, it is essential that pipelines be identified specifically rather than in general terms so that a meaningful analysis can be made in arriving at the advantages of one pipeline over another with all segments being considered. Chapter III, paragraph 6, discusses DSA and Service pipelines and the extent to which consolidation and savings are possible.

c. The Common Supply System (CSS) plan would, if it included all DSA/General Services Administration (GSA)/U.S. Army Tank Automotive Command (TACOM) items, be only a step away from establishing a DSA distribution point overseas, the missing step being the assumption of ownership of the CSS stock. In view of the above, it is important to consider the factors that should be weighed prior to decisions concerning any such extensions of responsibilities. The CSS being tested on Guam is discussed and analyzed in Chapter II and Appendix B.

d. In response to a Joint Logistics Review Board request for their views, the Services commented on the advantages and disadvantages envisioned in extending the roles of DSA/GSA/TACOM overseas to provide positioning and control of their respective stocks in lieu of one or more Services being assigned common supply roles. As the following statements indicate, the Services neither see a need for nor advantages resulting from extending the role of DSA, or other integrated managers, to distribution of their materiel overseas.

(1) Army Comment

"There appear to be no significant advantages to extending DSA/GSA/TACOM overseas for CSS as separate supply support entities in each CSS area. Unless there is a plan for a DSA/GSA/TACOM consolidated CSS supply support activity, any economies which may be possible should be more readily attainable through single service responsibility."[4]

(2) Navy Comment

"Extension of integrated managers to overseas areas would almost certain result in some duplication in facilities and staffing. If depots for these integrated managers were established, they should result in reduction in the pipeline for their customers, but would not eliminate the necessity for on-site stocks at the using activity. There would be introduced, however, a new pipeline, i.e., form the CONUS source to the newly established depot which, together with staffing and facilities requirements would be likely to more than off-set reductions in pipeline costs. If DSA/GSA/TACOM stocks were positioned, owned and controlled at an existing Service depot, issue procedures for reporting and accounting would be established which would increase the

[4] Department of the Army, Deputy Chief of Staff for Logistics, Memorandum, subject: Common Supply System (CSS), 10 November 1969.

effort presently required for such functions under present concepts. No advantages can be seen in extending the role of the integrated managers into overseas areas."[5]

(3) Marine Corps Comment

"For Marine Corps posts/stations/camps, there are no signficiant advantages or disadvantages. The additional supply sources that would be introduced would cause no problem to them. Marine Corps requirements of these non-deployable type activities are relatively stable, but comparatively small in volume. No assessments can be made of the economy of acquiring and maintaining facilities by the various integrated managers where none now exist, nor are needed.

"For Fleet Marine Forces, because of their mobile nature and inherent fast reaction to deployment commitments, demands could be highly sporadic and integrated managers could be hard-pressed to support organizations newly arrived in their geographic areas, or to dispose of stock no longer required because of deployments from the area. Fleet Marine Force organizations would have to deal with multiple new supply support for combat forces from a single Inventory Control Point and minimum complexity of supply operations within the Fleet Marine Forces themselves."[6]

(4) Air Force Comment

"We do not concur in the extension of integrated item depots overseas. In the modern environment of ADPE (Automatic Data Processing Equipment), AUTODIN (Automatic Digital Network) and rapid modes of transportation, the economies of, and the necessity for, overseas depots are more than ever before outdated by responsiveness to requirements, reduction in inventory, and control of excesses which result from direct ICP support to the using installation."[7]

e. As noted in paragraph 2, a key consideration is the point at which the Services' operational logistic systems should take full control of integrated management items required for support of their forces. These vary from Service to Service depending on the mobility and state of readiness of the forces concerned. These considerations and experiences in the Vietnam era are discussed in Volume II and the Supply Management Monograph. A brief summary of these systems with regard to distribution follows:

(1) Army. Army forces are supported by overseas depots that normally place their requisitions on CONUS through in-theater inventory control centers. Although the plan is to retain overseas stockage points, current trends are to reduce the range and depth of stocks they carry, to place more reliance on airlift for resupply, and to bypass depots with direct CONUS-to-user shipments insofar as possible. Experience during the Vietnam era, which again emphasized the need for coordinated control of the movement of supplies into the theater and for a CONUS agency to act for the theater, resulted in the establishment of the Logistic Control Office, Pacific. Such organizations will be needed in future contingencies to provide the required overall visibility of materiel movements and to enforce established priorities.

(2) Navy. The operating units of the fleet, whose locations change on short notice within each ocean area and between areas, requisition all items, whether service-peculiar or not, directly from the appropriate Naval Supply Center, Norfolk or Oakland, as do the mobile support ships used for primary support of the fleet and the Naval Support Activities in Vietnam. These are consolidated and shipped directly to units concerned via the mobile logistic force or via an overseas location. Overseas Naval Supply Depots, which support the shore activities as

[5]Department of the Navy, Chief of Naval Operations, Memorandum, Serial 1279P41, subject: Common Supply, 24 October 1969.
[6]Headquarters, U.S. Marine Corps, Memorandum, subject: JLRB Requirement No. 39, Common Supply System (CSS), 28 October 1969.
[7]Headquarters, U.S. Air Force, Office of the Director of Supply and Services Letter, subject: Common Supply System (CSS), 8 October 1969.

well as providing supplementary support to operating units, also requisition for the most part directly from Norfolk and Oakland.

(3) Air Force. The Air Force has no depots overseas. Appropriate stocks, including integrated items, are carried at main operating bases, which requisition directly from the inventory control points (ICPs). When forces were first deployed to Vietnam, forward operating bases were established and were in turn supported by main operating bases in the Western Pacific (WESTPAC). Later main operating bases were established in-country.

(4) Marines. The Marine supply system is tailored to the needs of mobility, rapid deployment, and amphibious operations. Requisitions are placed on a single Marine ICP. Stocks in readiness for emergency operations include integrated management items. In WESTPAC the Fleet Marine Force of the Seventh Fleet is supported by the 3d Force Service Regiment on Okinawa. Some of the supplies are obtained from the Army 2d Logistical Command through Interservice Support Agreements. The bulk comes from the continental United States. Forces in Vietnam are supported by the Force Logistics Command established for that purpose, which submits requisitions through the regiment on Okinawa.

f. While the military logistics chiefs recognized that the distribution system from producer to military user must at some point be oriented to support combat operations, no one has identified what this point should be. As far as overseas support is concerned, the Services have considered it both appropriate and most effective that such support be channeled through their respective supply systems. The proposition of extending the DSA distribution system overseas, in effect, does away with the exclusive role of the Services in overseas areas and would result in the distribution system of Integrated Materiel Managers extending further into the support operations of the Services than has been the case in the past. The ramifications of restructuring the roles and responsibilities of the Services and DSA in support of combat forces overseas are many, but the most important aspects are responsiveness to military requirements, requirements for security, impact on military resources, conflict in requirements for local resources, and command relationships.

g. DSA should decide whether its distribution system should be extended to overseas areas, and how best to accomplish this extension. The decision should then be thoroughly evaluated in coordination with the Joint Chiefs of Staff and the Military Departments. Such decisions must be based on the factors mentioned. A sound evaluation of what economics would be achieved and how responsiveness would be improved would also be primary considerations to be weighed in making these decisions.

h. By establishing DSA distribution points in overseas areas, the Services would have, for DSA-managed items, the benefits of reduced pipeline, reduced inventory investment, and possibly some reduction in the need for facilities and management capability in overseas areas. The effects on the total DOD costs could only be determined on a case-by-case basis. Furthermore, DSA would face certain problems and difficulties. With respect to increasing the number of storage locations for DSA materiel that are under the command of one of the Services, DSA has found through operational experience over the past 5 years that, from its point of view, the advantages are limited and actually many problems are created: (1) lack of clarity in command relationship, (2) reduction in available stocks, (3) difficulty in maintaining balanced stocks, (4) complications in requisitioning and stock accounting, (5) reduction in mobilization readiness, and (6) difficulty of increasing DSA's job. An increase in the number of distribution points requires more intensive management review by the Defense Supply Centers to maintain stock at satisfactory levels at all points. Another very severe problem making DSA's job more difficult is that of systems interface. The ADP programs and systems of the Services are not totally compatible with those of DSA. Also, the procedures and standards of performance may differ between the Services and DSA.[8]

[8] Defense Supply Agency, Memorandum, subject: Marine Corps Stockage, 3 May 1968.

i. Bearing on the decision to extend DSA distribution systems to overseas areas are the trends in the distribution and stocking of materiel overseas that have come about in recent years. For example, based on Vietnam experience, it is expected that the range and depth of stock carried overseas will be greatly reduced. With this action, a corresponding reduction in reliance on overseas depots should follow. To accomplish these improvements, certain designated commodities and infrequently demanded items will be supported by means of air, thereby reducing the need for theater stockage. As logistic distribution systems are developed to exploit the application of containers in the movement and storage of supplies, stocks overseas and reliance on overseas depots will be further reduced.

j. In brief, any decision concerning the establishment of DSA distribution points overseas should be preceded by an evaluation of relative, procedural difficulties and effects on military readiness. Specifically, the extension of DSA into areas of actual or potential combat is considered militarily undesirable. DSA would represent a fourth component having to coordinate and participate at all levels of command, and would be an additional claimant in theaters of operation for manpower, real estate, facilities, communications, and transportation resources. In combat areas, the Services desire to hold the organizational complexities and support and security requirements to a minimum. Whereas DSA distribution points in Hawaii or England might be justifiable, their location in Vietnam or potential combat areas in Europe could pose military problems that would far exceed potential economic advantages. In any case, changes should be made in peacetime and not during a combat period when such turbulence would further complicate a logistic system which is already operating under stress.

4. CONCLUSIONS

a. DSA distribution points should not be located in combat areas (paragraph 3).

b. If the DSA believes that it can provide more responsive and economical support through the establishment of DSA distribution points in overseas locations for selected items, as part of the DSA wholesale distribution system, the Director of DSA should request the Secretary of Defense for the required authority (paragraph 3).

c. Prior to a decision to establish DSA distribution points overseas, the proposal should be thoroughly evaluated in coordination with the Joint Chiefs of Staff and the military departments for military considerations such as responsiveness to military requirements, requirements for security, impact on military resources, conflict in requirements for local resources, and command relationships (paragraph 3).

CHAPTER V
SUMMARY

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SUMMARY

1. OVERVIEW

a. Of the approximately 4 million integrated line items of supply in the Department of Defense inventory, slightly over 1.9 million are managed by the Defense Supply Agency, 69,000 by the General Services Administration, and 53,000 (from a total of 60,000 items) by the U.S. Army Tank Automotive Command. The items considered for common supply support fall within these integrated items.

b. The conditions under which common supply should be extended and the range of items that should be supported in this manner involve key decisions that require consideration of all the factors that influence the responsiveness, effectiveness, and economy of the resultant systems. Considerable experience has been gained in the application of common supply during the Vietnam era. This experience has been reviewed and analyzed to derive considerations and criteria of importance to future decisions in this area.

c. Among the facts and observations developed during this study regarding experiences of common items support in Vietnam, the following appear to be of greatest significance:

(1) Prior to the buildup, administrative and logistic support was provided to U.S. military advisors in Vietnam by the Navy as administrative agent to the Military Assistance Advisory Group. By 1 January 1965, support had been extended to the U.S. Military Assistance Command, Vietnam. This support included subsistence items, a list of common items that were primarily administrative and housekeeping in nature, and requisitioning services.

(2) The contingency plans of the Commander in Chief, Pacific, contained provisions for common supply to be furnished in Vietnam by the Army 180 days after activation of the plan. As events transpired, however, the contingency plans were modified with the result that common support was provided by the Navy in I Corps Tactical Zone and by the Army in the II, III and IV Corps Tactical Zones. Although the plans of the Commander in Chief, Pacific, for introducing common supply into the combat area were eventually changed, they were basically sound.

(3) No single prescribed list of items to be supported through common supply existed in Vietnam. A list of some 3,500 items was developed by the Navy in 1965 and served as a starting point for both the Army and the Navy. Changes to the list were made from time to time, but none of the lists that were developed, where common use was a criterion, constituted more than a relatively small portion of the total line items stocked by the Services in Vietnam.

(4) To the extent that the performance of Service supply systems was affected by delays in construction of facilities, personnel deficiencies, and other in-country operating difficulties, common supply performance was equally affected. Further, common supply was inhibited by procedural problems and incompatibilities between Service supply systems. A constant issue has been whether common-service or cross-service funding would be used. Where common support was unsatisfactory, activities relied on their Service supply systems, making it more difficult for supporting activities to improve performance since they could not compile valid demand data and establish appropriate stock levels.

(5) Because of inadequate data, no economic yardstick is available to measure the savings or costs attributable to common supply in Vietnam.

d. The most significant facts and observations developed during this study concerning the common supply system recently implemented on Guam are as follows:

(1) The system for support of common items as currently being operated on Guam is feasible. As to the degree of support that can be expected, it is believed that a satisfactory issue effectiveness can be maintained.

(2) Between Naval Supply Depot, Guam, and Andersen Air Force Base, there are 86,526 integrated items stocked on Guam. Over 5,000 of these items have been identified as common to both Services--8 percent of the total of the integrated items stocks.

(3) Based upon only 4 months of experience, sufficient time has not elapsed for the operation to stabilize. The requisitioning volume from the Air Force is short of projections, and it is doubtful that the expected monthly volume of 5,000 will be reached. Of the 3,195 demands received, 2,464 issues were made from stock for an issue effectiveness of 77 percent.

(4) The increased workload costs and the added stock investment costs of some $500,000 projected by Naval Supply Depot, Guam, have been increased. Common supply on Guam is resulting in an overall increase in workload, investment, and transportation costs.

(5) Problems have been encountered in the interface between the Air Force stock control system, which is highly mechanized, and Naval Supply Depot, Guam, system, which is partially mechanized. The automated data output by the Air Force computer of requisition modifiers, cancellations, or follow-up requests must be manually processed by Naval Supply Depot, Guam.

(6) Because of recent personnel cutbacks, there are indications that the ability of the supporting activity to cope with emergency requirements of its requisitioners may not be sufficiently timely even if the supporting activity has stock available.

e. A survey of 243,756 integrated items carried by large Army, Navy, and Air Force activities in Japan showed that only 2.5 percent were common to the three Services and the highest degree of commonality between two Services (Army/Navy) was 9 percent. This item profile compares closely with that found on Guam. Further, preliminary investigation indicates that time and distance factors will complicate common supply applications in Japan.

f. The information and observations gathered during this study concerning common medical supply is as follows:

(1) In 1968 the Army, in response to a request from the Office of the Secretary of Defense, conducted a Common Medical Supply Study to determine the most advantageous arrangement for providing medical materiel support for all Services in South Vietnam, Thailand, Korea, Japan, and Okinawa. The study sought to determine whether requisitions from all Services for common medical supplies should be routed through Army Medical Supply channels in Vietnam and Okinawa.

(2) The study resulted in no change to the existing support pattern in Vietnam, Thailand, and Japan, where each Service provides its own medical supply support. The Common Medical Supply System was adopted in Korea and Okinawa, with the Army depots in these two countries designated to support the installations of the other Services commencing in 1970.

(3) In brief, in Okinawa and Korea the study indicated that fewer requisitions will be forwarded to the continental United States, bulk shipments will increase, and the source of supply will be closer to the user. Conversely, an increased investment in inventory will be required, a net increase in operating costs will result, and personnel strengths will be modestly increased.

g. A considerable amount of support was provided through the use of Interservice Support Agreements. These agreements, essentially contracts specifying explicit responsibilities of and relationships between the command being supported and the supporting command, were flexible and could be altered on relatively short notice when conditions changed. Based on those agreements for which data are available, more than 900, with an estimated value of $376 million, were in effect in the Pacific Command at the end of FY 69. Approximately 65 percent of these agreements were concerned with supply support.

h. The preceding paragraphs have provided a brief overview of common supply systems implemented during the Vietnam era. The two succeeding paragraphs summarize the lessons learned relative to the two issues addressed by the monograph: the application of common supply systems in overseas areas, and the establishment of Defense Supply Agency distribution points overseas. The recommendations developed by the Board in the area of common supply are also presented.

2. CRITERIA FOR COMMON SUPPLY IN OVERSEAS AREAS

a. Lessons Learned

(1) Common supply support of high-density items with predictable demand, such as subsistence and selected items of packaged and bulk petroleum, oil, and lubricants was generally performed effectively in Vietnam. Evidence exists that other high-volume items used by two or more Services, such as selected items of construction material, could have been supplied more efficiently had common supply procedures been used (see Construction Monograph).

(2) The factors that affected the performance of Service supply systems in-country equally affected common supply performance. As a result, performance on housekeeping items and repair parts was varied and often unsatisfactory. Although contributing factors can be identified (e.g., insufficient trained personnel, inadequate automatic data processing equipment, and permissive requisitioning procedures), insufficient cost and performance data were recorded in Vietnam to permit valid evaluation of the relative effectiveness and efficiency of the common supply systems that were established in-theater.

(3) Preliminary indications are that the support of common items on Guam under the common system is satisfactory. It is resulting, however, in increased investment costs, additional workload, and other costs associated with common supply support, without evidence of significant economic benefits being realized. No justification is seen for extending common supply to include items used only by one Service.

(4) Trends in the reduction of overseas stockage, with increased reliance on airlift, improved communications, and developments in logistic distribution systems that exploit the application of containers in the movement and storage of supplies, will have considerable influence on the performance and economics of future common supply systems.

(5) Applications of common supply systems should be determined on a case-by-case basis after detailed analysis of the costs associated with increased investments, multiple processing of requisitions, additional handling, and transportation as related to supply responsiveness.

(6) Experience has shown that common supply offers an opportunity to provide effective and economical support of military activities overseas where it is limited to integrated management items that have high, stable, predictable demands, amount to large bulk and tonnage, and are used by two or more Services. Clear-cut examples of such items are subsistence, selected items of petroleum, oil, and lubricants, and common construction material.

(7) The Services should jointly develop a list of common supply items that indicates acceptable substitutes to be published in a common supply item catalog; jointly establish and agree to common supply and funding procedures; and require use of common supply as a normal procedure, wherever implemented.

(8) In combat or contingency situations involving joint operations, the commander of a unified command should select in advance the Service or Services to be responsible for common supply following the dominant user principle. As the commander of a unified command and as authorized by JCS Publication 2 (Articles 30603 and 30605), the Commander in Chief, Pacific's designation of common supply responsibilities in Vietnam followed this principle.

(9) A prerequisite in contingency situations to efficient common supply support is lead time for implementation. The decision to implement must be firm and reached at an early

date; however, in many fast developing situations, the phase-over to common supply may be programmed as late as 180 days from the date of the decision.

(10) Supply support of some military activities in a given geographical location where common supply has not been established can be accomplished through Interservice Support Agreements, a flexible means of making local support arrangements.

b. Recommendations

(CS-1) Common supply overseas be applied to a definitive list of items, substitutes included, jointly developed by the Services; that common supply be implemented with a jointly prepared set of common supply and funding procedures; that it be used as a normal procedure whenever implemented; that implementation in both peacetime and emergencies be at the direction of commanders of unified commands following the principles of JCS Publication 2, Section 6, in assigning responsibility for common supply to Services; that commanders of unified commands tailor implementations as to items to be supported, designate the Service or Services to provide such support, and schedule the phasing-in of common supply in times of emergency; and that the specific determinations made regarding common supply support during emergencies be included in appropriate contingency plans.

(CS-2) In jointly developing a catalog of integrated manager items to be supplied under common supply procedures, the Services categorize such items as follows:

(a) Category I—Items that have high, stable, predictable demands, amount to large bulk and tonnage, and are used by two or more Services in the overseas area being considered.

(b) Category II—Items that are used by two or more Services but do not meet the stable and high-demand criteria of Category I.

(c) Category III—Items that are used by only one Service in the overseas area being considered.

(CS-3) When jointly deciding whether integrated manager items should be included in a common supply system, the Services utilize the following decision rules:

(a) All Category I items should normally be included in the common supply system.

(b) All Category II items should be carefully reviewed to determine which items must be included in the common supply system being established, with due consideration being given to the significance of the costs involved and to the impacts on normal Service supply procedures.

(c) All Category III items should normally be excluded from the common supply system.

(CS-4) The commanders of unified commands and appropriate service commands, in carrying out their responsibilities for providing and arranging supply support of their forces in peacetime or during war, use the following criteria for initiating common supply:

(a) Mission performance of activities supported will be improved.

(b) Common supply economies override additional costs at local level.

(c) Resources are sufficient to provide the required support.

(d) Time and distance factors do not adversely affect performance.

(e) Considerable backhauls will not be involved.

(f) Likely contingencies will not require a change.

(CS-5) In addition to common supply as directed by the commanders of unified commands, the Services be encouraged by the commanders of unified commands to augment common supply support through the use of Interservice Support Agreements where a potential exists among individual Service activities for this type of support.

(CS-6) The Office of the Secretary of Defense reject the concept of providing overseas support for the full range of Defense Supply Agency/General Services Administration/U.S. Army Tank Automotive Command items through common supply systems.

3. ESTABLISHMENT OF DSA DISTRIBUTION POINTS OVERSEAS

Lessons Learned. The control and coordination of logistics systems required in a combat theater and the need to orient distribution systems to the peculiar operational requirements of each Service was clearly established. This experience and the considerations of the Board regarding support of military forces overseas have led to the following conclusions:

(1) DSA distribution points should not be established in combat areas.

(2) If the DSA believes that it can provide more responsive and economical support through the establishment of DSA distribution points in overseas locations for selected items, as part of the DSA wholesale distribution system, the Director of DSA should request the Secretary of Defense for the required authority.

(3) Prior to a decision to establish DSA distribution points overseas, the proposal should be thoroughly evaluated in coordination with the Joint Chiefs of Staff and the Military Departments for military considerations such as responsiveness to military requirements, requirements for security, impact on military resources, conflict in requirements for local resources, and command relationships.

APPENDIX A
COMMON SUPPLY SYSTEM-VIETNAM

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COMMON SUPPLY SYSTEM-VIETNAM

1. INITIATION OF COMMON SUPPLY SUPPORT

a. Common supply support in Vietnam began with the introduction of U.S. Military Assistance Advisory Groups (MAAGs) and the assignment of logistic responsibilities in 1962 to the Navy as the designated administrative agency to provide logistic support to the MAAGs. As advisory forces grew, the support tasks grew well beyond that of a normal administrative agency. As of 1 January 1965, these responsibilities were carried out under the Secretary of the Navy through the Chief of Naval Operations (CNO) fleet chain of command. Under the Commander, Service Force, U.S. Pacific Fleet (COMSERVPAC), the Headquarters Support Activity, Saigon (HSAS) was charged "to provide administrative and logistic support to the Headquarters, U.S. Military Assistance Command, Vietnam; U.S. Military Assistance Advisory Group, Vietnam; and other activities and units as designated by the Chief of Naval Operations."[1]

b. Common supply items were issued directly to Army, Air Force, and Marine Corps units as well as to the staff of Commander USMACV (COMUSMACV) and the senior logistics advisor in the four corps tactical zones (CTZs) for further distribution to advisors in the field.

c. The items supplied included Class I (subsistence), Class IIF (clothing), and Class IIE (general supplies) and were composed of about 3,500 items that were primarily housekeeping, maintenance, and administrative items.

d. As the commander of a unified command, the Commander in Chief, Pacific (CINCPAC) was "responsible for effective coordinated supply support within his command," and "responsible that stated requirements for categories of items of common supply cover the needs of the forces, and that duplications are eliminated."[2] The CINCPAC contingency plan required that the Commanders in Chief of the U.S. Army Pacific (CINCUSARPAC), the Pacific Fleet (CINCPACFLT), and the Pacific Air Force (CINCPACAF) provide their own common item support for the initial 180-day time frame and the CINCUSARPAC provide such support after this period. Within 45 days after implementing the plan, CINCPAC's component commanders were required to furnish their common item supply requirements for forces in the operational area for 180 days. COMUSMACV was charged with coordinating the provisions of these supplies with CINCUSARPAC.

e. Rather than implementing the contingency plan, a strategy of graduated military actions was adopted. Logistic support workloads were assigned to adapt to Service needs and capabilities. Primary logistics functions in the northermost CTZ in South Vietnam, for example, were given to CINCPACFLT because the combat forces in that zone were predominantly Marines. The Army was assigned those functions in the other three zones.[3] On 24 April 1965, CINCPAC ordered his operations plans changed and directed that military logistics in the I CTZ be accomplished by using Navy resources and that operational plans be modified accordingly.[4] Tasks assigned included providing for the "operation of base supply depot(s) for common-item support." It was directed, that "Port and depot operations in Saigon continue under HSA Saigon until such time as responsibility is transferred to Army Log Command."

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[1]Secretary of the Navy, Notice 5450, Headquarters Support Activity Saigon, Establishment of, 18 June 1962.
[2]Joint Chiefs of Staff, Publication 2, Unified Action Armed Forces (UNAAF) (U), November 1959, Articles 30603, 30605 (CONFIDENTIAL).
[3]General Westmoreland and Admiral Sharp, Report on the War in Vietnam, 30 June 1968, p. 55.
[4]Commander in Chief, Pacific, Message 241945Z April 1965.

f. On 14 May 1965, CNO requested that the Army assume operations at Da Nang and common supply support at such time as they could be prepared.[5] The Department of the Army supported the CINCPAC decision.[6]

g. Support of the I CTZ by HSAS continued until October 1965, when responsibility was assumed by the Naval Support Activity (NSA) Da Nang, which was established at that time to conduct military logistics support operations at ports and beaches for support of U.S. forces and attached third-country forces in the I CTZ.[7]

h. Common supply in the II, III, and IV CTZs continued to be furnished by the Navy on into 1966. As the Army Logistical Command gained capabilities, the decision was made in late 1965 to effect transfer of support responsibilities in these CTZs to the Army. A phased transfer to the First Logistical Command started in the fall, with the final turnover of responsibilities for common supply being effected on 1 April 1966.

2. SINGLE SUPPLY SYSTEM PLAN

a. Common supply as it evolved during 1965 and 1966 was continued by the Army using the same list of 3,500 items developed by the Navy for support to the other Services. However, other plans for common supply were being contemplated in Washington to formalize and expand the common supply concept. Under the auspices of the Joint Chiefs of Staff, a "Study of Responsive Logistics Support for Combined Operations in the Republic of Vietnam" was conducted in 1965. It recommended the establishment of a single supply system in Vietnam for common item support to all U.S., Republic of Vietnam (RVN) (above RVN Armed Forces depot level), and third-country forces. This system was to be established and operated by the U.S. Army and backed up by an expanded offshore Army facility in Okinawa. Additionally, the concept recommended that funding be on a common-service (nonreimbursable) basis.

b. These recommendations were passed to the Secretary of Defense, who approved them in November 1965. The Army was tasked with developing appropriate plans for a single supply system. The initial plan was approved by the Joint Chiefs of Staff and submitted to the Secretary of Defense in March 1966. It called for implementation in four phases to be executed over a 12-month period.

(1) Phase I constituted the takeover of existing common supply mission in Vietnam.

(2) Phase II provided for common medical support in II, III, and IV CTZs by the Army and for support of Army medical requirements in I CTZ.

(3) Phase III provided for the incremental expansion of common supply to include an increased number of Defense Supply Agency (DSA)/General Services Administration (GSA)/U.S. Army Task Automotive Command (TACOM) items and additional items of medical materiel.

(4) Phase IV tasked the Army to assume inventory management for all common supply assets in the I CTZ.

c. Although Phase IV would make the Army the sole source of common supply items in the I CTZ, the Marine Corps Force Logistics Command and NSA Da Nang would both continue, with the latter concentrating on peculiar Navy support.

d. Common servicing (reimbursable) was the means selected to handle the financial aspects of the plan.

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[5]Chief of Naval Operations, Message 141904Z May 1965, Operations of Ports in RVN (U), (CONFIDENTIAL).
[6]Department of the Army, Message 719062 15 June 1965, Operations of Ports in RVN (U), (CONFIDENTIAL).
[7]Secretary of the Navy, Notice 5450, U.S. Naval Support Activity, Da Nang, Republic of Vietnam: establishment of, 17 July 1965.

e. The range of items was limited to approximately 25,000, all in commodities managed by DSA and GSA.

f. Objections to various aspects of the common supply plan were raised by the other Services. The Marine Corps opposed the plan and disagreed with the assumptions that a centralized, single, integrated supply system would be more effective and superior in meeting the common item requirements of all the Services or that an integrated system such as that envisaged is more responsive to combat needs of the Marine Corps. They proposed:

(1) Maximum feasible use of cross-servicing in accordance with currently approved basic principles of logistic support (JCS Publication 3, paragraph 2c).

(2) Adherence to the established tenet that any consolidation of facilities and services must not extend to the point where it deprives operational units of the support essential to their operational mobility and effectiveness (JCS Publication 3, paragraph 2h).

(3) That Service funding procedures be respected.

g. Both the Navy and the Marine Corps preferred cross-service funding arrangements. The Army was oriented by policy toward common-service funding and was not geared to handle cross-service funding at the direct support unit level. Both the Navy and Marine Corps strongly opposed having NSA Da Nang relieved of its common supply support mission. In early July 1966, CINCPACFLT recommended that the shifting of common supply support in I CTZ be reevaluated and expressed the belief that implementation of the plan would cause disruptions in overall support and lead to a potential lessening of effectiveness of the existing supply systems. On the other hand, COMUSMACV believed that the existing system would provide the most responsive short-term logistic support for I CTZ, but not the most economical for responsive long-term support systems. After a review of CINCPACFLT and COMUSMACV recommendations, CINCPAC stated: "I CTZ is being served responsibly by the Navy supply system in an increasingly expanding and efficient manner." He went on to point out that the Navy was geared to support the Marines, the principal force in the I CTZ, and that there was no tangible evidence that the extension of the II, III, and IV CTZ common supply system to the I CTZ would provide more economy and responsiveness in the long run. CINCPAC also had serious doubt that transshipment through Okinawa or any other offshore base could provide better supply services to RVN without substantial buildup of facilities and personnel.

> "Troop strengths in I CTZ are at levels which produce volume requirements which can be satisfied most economically by ocean shipping direct from CONUS. Navy requisition channels flow directly from NSA DaNang to CONUS...Supply service to DaNang using the Navy system has been highly responsive. The result has been a high percentage of fill by required delivery dates. Changeover to DA Common Supply System would, at best, involve a period of dislocation and attendant loss of efficiency which would inevitably hazard the capability of our troops to fight."[8]

h. In December 1966, the Secretary of Defense reviewed the plan and position of the various commands in the Pacific and concluded that required procedures for operating integrated depots in RVN were not sufficiently advanced to accommodate a large expansion in common supply at that time. Until further planning could be accomplished and the I CTZ assignment could be shifted to the Army, the Navy was to continue to provide I CTZ support. Also, he directed that future planning should provide for depot issue on a reimbursable basis.

i. A modified expansion plan submitted in accordance with instructions for the approval of the Secretary of Defense in March 1968 was denied for implementation at that time. The reasons

[8]Commander in Chief, Pacific, Command History, 1967, Annex A, U.S. Military Assistant Command, Vietnam (U), 16 September 1968, p. 711 (TOP SECRET).

for denial were contained in a memorandum to the Secretary of the Army,[9] dated 31 May 1968, among which were:

(1) The disruptive effect such an expansion would generate.

(2) The reported poor response experienced by the Air Force for common supply items in the II, III, and IV CTZ.

(3) The continued low-demand satisfaction provided by the 1st Logistical Command depots.

j. Common supply, as it existed in Vietnam at the end of 1969, amounted to a continuation of the interim arrangements set up in 1966 among the Services for the support of common items.

3. COMMON SUPPLY SUPPORT IMPLEMENTATION. With the division of supply support responsibilities in Vietnam between the Navy in I CTZ and the Army in II, III, and IV CTZs, there were really two separate common supply systems in operation. In principle, both operated in the same manner, although the range of items that were eventually supplied differed greatly.

a. Army Implementation. The basic HSAS list of 3,500 common supply items was used initially by the Army as the basis of common supply in the II, III, and IV CTZs. How many of these items were actually supplied and how many each service had an interest in cannot be clearly established due to data inconsistencies. It can be established, however, from recent data, that not all of the 3,500 items were continually stocked by the three depots from which common items were issued. Between July and December 1968, statistics indicate that the average number of common items stocked ranged between 2,550 and 2,650. Reports during May and June 1969 showed the following common supply items as being stocked at Long Binh, Cam Ranh Bay, and Qui Nhon:[10]

Month	Long Binh	Cam Ranh Bay	Qui Nhon
June	1,842	2,488	2,549
May	2,112	2,487	1,790

b. Navy Implementation

(1) The common supply support rendered by NSA Da Nang for the I CTZ grew and fluctuated as customers and demand patterns changed. Provisions (Class I) were provided primarily in the beginning. Steps were taken to construct storage facilities and obtain stocks using, as a basis, the HSAS list of 3,500 common items. By 23 March 1966, 70 percent of the catalog item range was in stock. At this time storage and issue of organization and equipment, vehicles, construction material, and machinery common item supplies was assumed.[11] Full use of common item support by other commands was a gradual process until early 1967. The Marine Corps was relying primarily on its own supply pipelines, one to Okinawa and one to the continental United States (CONUS). These, the Marine Corps stated, were essential and had to be immediately available and capable of following in the event that their activities were suddenly pulled out of Vietnam and shifted to another trouble spot.

(2) By the middle of 1967, however, the Marine Corps was accepting support of about 1,500 items including 250 medical, 500 food, 75 packaged POL, and about 675 general purpose consumables. Later in 1967, common supply support to the Marine Corps was further expanded to include all medical items and about a dozen additional fortification material items.

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[9] Deputy Secretary of Defense, Memorandum, subject: Responsive Logistic Support for Combined Operations in the Republic of Vietnam, 31 May 1968.

[10] Commanding General, U.S. Army Vietnam, Messages 61006 9 May 1969 and 66076 8 June 1969, subject: Common Supply Support (CSS) Report (RCS: DSU-161).

[11] Department of the Navy, Operations of Service Force, U.S. Pacific Fleet, FY 1966, pp. 6-9.

(3) In late 1967, as Army strength increased in the I CTZ, so did Army requisitions for common items. The large influx of Army personnel following the February 1968 Tet Offensive placed heavy demands that had not been previously forecasted. The lead time to replenish stocks was of such length that shortages eventually developed requiring the III Marine Amphibious Force (MAF) Commander to make allocations between the Army and Marine Corps for items in short supply. The Air Force, during 1967, limited its participation in common supply to requests for provisions and some packaged POL.

(4) Before assuming common support responsibility, a 90-day projection of demand for items that the other Services wanted supported was requested. A requisitioning objective quantity was computed for each item and, with allowances for order and ship time, the requesting service was advised of the date when support would commence.

(5) Following requests by the other Services and Free World Military Assistance Forces to extend the range and depth of common support, NSA Da Nang was authorized to stock 8,259 such items.[12] Until January 1968, an official common supply catalog had not been published for the I CTZ. The value of having such a catalog was well recognized, and necessary compilation steps were taken. Because demand data were not readily available, each Service was asked to submit, without demand data, those items desired in the catalog. The result was a catalog of 11,236 items, many of which were of interest to only one Service.

(6) Within the next year this catalog was purged by limiting its contents to items that were used by two or more Services and had experienced sufficient demand over the past year. Accordingly, the May 1969 edition was reduced to 4,931 items.

4. EFFECTIVENESS OF THE COMMON SUPPLY SYSTEMS IN VIETNAM

a. General. Complete and accurate common supply effectiveness data were not maintained by the Services between 1965 and 1967 because measurements were only made periodically. Considerable disparity frequently existed in effectiveness data compiled by the Services, making the true effectiveness of common support efforts difficult to determine. The effectiveness percentages of the Services disagree primarily because of the different methods of computation employed and because different report cutoff dates were used.

b. Army Support

(1) Navy and Air Force requests for common supply items in the II, III, and IV CTZs were submitted to one of the three Army Depots. If stock was not available at the depot receiving the requisition, it would be passed via the Inventory Control Center (ICC) to whichever other in-country depot had stock available. If stock could not be located in-country, procedures called for requisitions to be back ordered or passed to CONUS by the ICC as appropriate. This pattern of requisitioning was short-lived, however. Because of the low ebb of support, both Navy and Air Force activities proceeded to submit their requisitions on a fill or kill basis. If the materiel requested could not be supplied from stock on hand, the initial requisition was immediately cancelled and another was submitted through normal service supply system channels. The Air Force subsequently went one step further; it made availability checks prior to preparing requisitions. If these checks revealed that materiel was not available for immediate issue, requisitions would be introduced directly into Air Force requisitioning channels. These circumventions continued until mid-1969, at which time both the Navy and Air Force either stopped or substantially reduced the use of fill or kill procedures.

(2) A representative picture of support of Classes II (clothing, equipment) and IV (construction materials) provided in 1968 has been developed from records maintained between July and December 1968. The average number of monthly demands received was as follows:[13]

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[12]Commander, Service Force, U.S. Pacific Fleet, Summary of Command History, 21-31 December 1967.
[13]Commander in Chief, U.S. Army Pacific, Message 010642 July 1969, subject: Common Supply Support (CSS) RVN.

Service	Long Binh	Cam Rahn Bay	Qui Nhon
Air Force	123	527	290
Navy	175	41	4

(3) In retrospect, the inability to attain a reasonable degree of effectiveness in common item support was due to the huge task that the Army faced in building up its logistics base for its own support. Being assigned the common support task before this was accomplished did not allow the Army the opportunity to lay in sufficient common supply stocks to be in a position to satisfy the requirements of the other Services.

c. Navy Support

(1) Army, Air Force, and Marine Corps requisitioners in the I CTZ submitted common item requisitions to NSA Da Nang. Those not filled from stock were either back ordered or passed as their priorities warranted. In addition, without submitting requisitions, customers could obtain many items of supply from self-service stores operated by NSA Da Nang. These stores simplified issue processing, but they presented complications in computing issue effectiveness since there was no provision to record what the customer wanted versus what was obtained. Although an average of 15 percent of the items carried were usually not in stock (NIS), the issue effectiveness of service stores was automatically considered to be 100 percent. There are no statistics to determine how many were then requisitioned from the depot. Some measure can be inferred from the fact that during one 6-month period, total supply effectiveness for items on the stockage list, including Navy-peculiar items, ran from 92 percent to 94 percent, but the figures ranged from 67 percent to 75 percent when self-service stores and subsistence issues were excluded.

(2) Since 1967, reasonable success has been achieved in providing common item support in the I CTZ. October 1967 and October 1968 statistics indicated that the supply effectiveness was 92 percent.

(3) Table A-1 gives a monthly breakdown on demands, issues, and the effectiveness percentages recorded in support of each service in the I CTZ during the first half of 1969.

d. Clarification of Effectiveness Data

(1) In order to compare Army and Navy effectiveness figures, some of the differences of computation need clarification.

(a) The fill rates computed by the Army cover Class II (clothing and individual equipment) and IV (construction) issues. The effectiveness percentages calculated by the Navy cover issues in Class II, III (packaged POL), and IV.

(b) As noted before, the effectiveness percentages of the Navy were biased by self-service store issues (see paragraph 4c(1)). All issues made from self-service stores were calculated at 100-percent effectiveness, this being an arbitarily assigned value for lack of a means to measure what each customer received versus what items were wanted. Self-service store issues accounted for a significant portion of each month's issues (66 percent in April 1969) and, therefore, significantly ballooned the overall effectiveness figures reported. On the average, the main self-service stores at NSA Da Nang stocked about 2,200 to 2,400 items. Stocks at small stores located at Chu Lai and Phu Bai numbered about 1,300 and 1,600 items, respectively. Considering that 15 percent of these items were usually at zero balance, an additional reduction of the reported net effectiveness would have been appropriate, if calculable, in order to take this condition into account.

TABLE A-1

CLASS II, III, AND IV COMMON ITEM SUPPORT BY NAVAL SUPPORT ACTIVITY, DA NANG/CHU LAI
(Represents issues from stock and self-service stores)

1969	Army			Air Force			Marine Corps			Navy		
Month	Demands	Issues	% Eff.	Demands	Issues	% Eff.	Demands	Issues	% Eff.	Demands	Issues	% Eff.
January	50,479	48,446	96	644	631	98	32,947	32,278	98	57,436	45,587	79
February	53,036	51,749	98	1,523	1,337	88	31,165	30,638	98	48,258	36,893	76
March	56,627	55,294	98	2,181	1,994	91	29,242	28,811	99	43,876	33,621	77
April	56,677	54,749	97	2,307	2,161	94	33,662	32,998	98	55,569	43,743	79
May	52,762	51,560	98	1,289	1,170	91	27,915	27,554	99	45,153	35,568	79
June	56,979	55,487	97	1,214	1,145	94	39,965	39,510	99	51,815	40,565	78

Source: Chief of Naval Operations (OP412), Memorandum Serial 1279P41, Subject Common Supply, Enclosure (3), 24 October 1969.

(2) Class I (subsistence) issues have not been included in the effectiveness data cited for either the Army or Navy. Difficulties were encountered at times in some areas of Vietnam, but supply effectiveness of provisions was normally adequate.[14]

e. Service Evaluation of Effectiveness

(1) The Air Force has been dissatisfied with common supply since its inception in support of Air Force activities in Vietnam. According to the Air Force:

> "Early experiences with this system proved it to be completely unsatisfactory from a mission support standpoint.... Support statistics developed from the inception of the system showed an on time fill rate of 15 to 40 percent. Little improvement has been realized since 1965 in support percentages as acknowledged in CINCUSARPAC Message 010642Z, dated 1 July 1969, subj: Common Supply Support (CSS) RVN."[15]

(2) The fill rates experienced by Navy requisitioners under common supply were considered to be below acceptable standards. Regarding the support received, the Navy stated:

> "Since the assumption of common support by the Army in the II, III, and IV CTZ in April 1966 there have been a series of complaints on the part of NSA Saigon concerning the adequacy and responsiveness of the support available.... The support effectiveness has never achieved such a level as to be totally satisfactory to Navy customers...."[16]

(3) NSA Saigon, the principal Navy customer in III CTZ, recorded the following fill rates in response to its requisitions between January and June 1969:[17]

Month	Demands	Issues	Effectiveness (Percent)
Jan 69	142	62	40
Feb 69	420	168	40
Mar 69	1,019	408	40
Apr 69	318	102	32
May 69	402	169	42
Jun 69	306	107	35

For the same period, the Army recorded having an average issue effectiveness of 48 percent, which is roughly 10 percent higher than the average recorded by the Navy.

(4) The Army was satisfied with common supply provided by NSA Da Nang. The Commanding General, U.S. Army, Vietnam (USARV) gave his opinion regarding support of Army requirements in the I CTZ as of July 1969 in the following statement:

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[14] Naval Supply Activity, Saigon, SITREP, Operation of SERVPAC, FY 1967, pp. 14-23.
[15] Headquarters USAF, Office of the Director of Supply and Services, Letter, subject: Common Supply System (CSS), Attachment 2, 8 October 1969.
[16] Chief of Naval Operations OP412, Memorandum, Serial 1279P41, subject: Common Supply, Enclosure 6, 24 October 1969.
[17] Ibid., Enclosure 4.

"Navy support to the Army in I CTZ is very good from a customer point of view. There has been no complaint about the kind of support the Navy has given the Army. A primary reason for this good support is the fact that about 2/3's of their support involves Class I for which their satisfaction is 96 percent on the last report. Satisfaction for all classes of supplies from the Navy was 87 percent for the last reporting period 26 May to 25 June."[18]

(5) The Marine Corps, in describing the common item support arrangements for Vietnam, appraised support as follows:

"The Marine Corps entered RVN with the traditional self-supported logistics system inherent in the Navy/Marine Corps team. Although self-supporting, it stood ready to enter into Interservice Supply Support Agreements when these were practical. ISSA support was provided to the Third Force Service Regiment on Okinawa by the Army for selected common items, and these items provided by the Third Force Service Regiment to combat troops in Vietnam. A limited number of common items were also provided by the Navy Support Activity, DaNang. In no case was there a reported instance of serious impairment of combat capability attributable to these outside supply sources, nor is there any indication that the items could not have been provided entirely through the Marine Corps supply system."[19]

5. EVALUATION AND SUMMARY

a. CINCPAC's contingency plan, which provided for component commanders to furnish common supply item requirements and assigned responsibility to the Army for providing such support 180 days after execution of the plan, was basically sound. As circumstances actually developed, however, it was appropriate that common supply responsibilities in I CTZ be assigned to the Navy, since it extended Navy Logistic support to combat forces that were predominantly Marines beyond the amphibious phase of combat operations and made full use of available capabilities of all the Services. Further, this change in plan was appropriate in view of the nature of the operations and the geography of I Corps with logistics support centered in the main port and base at Da Nang.

b. A stable, definitive list of common items appropriate for common supply support was not included in CINCPAC's contingency plans or developed by the Services in Vietnam. HSAS initially produced a list of items that was essentially made up of a variety of administrative and housekeeping items. The completeness of this list and the multiservice use of these items were never verified. NSA Da Nang developed a list in 1969 of some 4,900 items based on demand and multiservice usage that was conceivably a better list. It is of interest to note that where common use was a criterion, none of the lists developed for common item support constituted more than a relatively small portion of the total line items stocked by the Services in Vietnam. In many cases they were, however, high-volume demand items.

c. The lack of a well defined list of common items, with acceptable substitutes, to be supported through common supply was a weakness of the common supply systems that evolved in Vietnam. It left supported activities in a quandary as to what common items of supply should be requisitioned through common supply channels, and supplying activities could not be sure which items would be requested and, therefore, should be stocked.

d. Many items of common construction material suitable for common supply were not included on common supply lists. Consequently, these items were not centrally ordered, controlled, and stocked under a single supplier. The fact that a common supply approach was not used for the most part with this commodity may have contributed to the shipping and port congestion,

[18] Commanding General, U.S. Army, Vietnam, Message 732222 July 1969, subject: Common Supply Support (CSS) RVN.

[19] Quartermaster of the Marine Corps, Memorandum, subject: JLRB Requirement No. 39, Common Supply System, 8 October 1969.

storage problems, and, ultimately, to the creation of the temporary and permanent excesses that occurred in Vietnam.

e. From the beginning of the Vietnam conflict, Class I (subsistence) items were supported on a common supply basis. Although difficulties were encountered at times in some areas of Vietnam, the effectiveness of support of this commodity was adequate. The same general comments apply to the military system for common support of those POL products used by more than one Service in Vietnam (see POL Monograph).

f. Self-service stores proved to be an efficient and effective way of issuing common supply items. Stores operated by NSA Da Nang stocked from 1,300 to 2,400 items out of a total range of up to 100,000 items, yet these stores account for as much as 66 percent of the monthly issues.

g. To the extent that the performance of Service supply systems was affected by delays in construction of facilities, personnel deficiencies, and other in-country operating difficulties, common supply performance was equally affected.

h. The use of common supply in Vietnam was obstructed by the procedural problems and incompatibilities that existed between Service supply systems prior to and after implementation of common supply procedures. Despite the many previous actions to make Service systems standard and compatible, a satisfactory interface of Service systems has not yet been attained. For example, procedural differences precluded Army acceptance of Air Force requisitions in Vietnam without these requisitions being reformatted prior to submission. These types of problems are particularly significant when computers are involved and mechanical processing must be interrupted for manual manipulation (see Appendix F).

i. In attempting to develop a plan for single Service support in Vietnam, the different funding philosophies of the Services were not reconcilable. The Navy and Marine Corps, which extend financial accountability to the field level both in and out of combat zones, were set up to handle such transactions in Vietnam. Cross-service funding suited their accounting practices and, therefore, was preferred over common-service funding. The Army, as a matter of policy, did not extend financial accountability to the theater. Not being geared to handle cross-service funding at the direct support unit level, the Army was to a great extent committed to common-service funding. Although solution to this major issue and impasse has been to work around the problem, a uniform funding approach is needed to overcome this weakness.

j. The two systems for common supply in Vietnam were operated totally independently of each other. No uniformity was prescribed for utilized procedures, nor were the ranges of supported items dictated. Furthermore, no action was taken that made the use of common supply channels mandatory. As a result, where common support was unsatisfactory, the supported activities began relying on the supply systems of their respective Services in order to assure adequate support of their forces. When this happened, supporting activities were unable to compile valid demand data and establish appropriate stock levels. Where the necessary cooperation and initiative in resolving mutual problems was not forthcoming at all times, the common supply operation suffered.

k. The most important shortcoming of the Vietnam experience was that no economic yardstick was applied that might have measured the costs or savings attributable to common supply. Judgments regarding economic aspects of common supply systems, based on Vietnam experience, cannot be made.

APPENDIX B
COMMON SUPPLY SYSTEM-GUAM

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COMMON SUPPLY SYSTEM-GUAM

1. BACKGROUND

a. The events leading up to the implementation of a Common Supply System (CSS) in Guam trace back to actions initiated by the Assistant Secretary of Defense (Installations and Logistics) (ASD(I&L)) in February 1966. At that time the Navy Department was requested to review U.S. Government supply activities on Guam in coordination with the Departments of the Army and the Air Force and the civil agencies concerned.

b. The purpose of the review was to explore and carefully examine areas of potential consolidation. The areas identified for study were (1) the consolidation of wholesale supply support for items managed by the Defense Supply Agency (DSA) and the General Services Administration (GSA); (2) establishment of a centralized procurement office for local purchases; and (3) consolidation of exchange and commissary resale activities.

c. The results of this study were transmitted to the Office of the Secretary of Defense (OSD) in February 1967. The Commander in Chief, Pacific Fleet (CINCPACFLT) summed up the conclusions of the review with regard to consolidation of supply support with the following comment:

> "There is a large measure of consolidated supply support currently being provided on Guam through the medium of Interservice Support Agreements....
> "To consolidate common item support of Defense Supply Agency and General Services Administration managed material on Guam, an additional investment in inventories of materiel of over $300,000.00, net additional warehousing costing approximately $150,000.00 and additional labor and maintenance costs...would result. These additional costs far exceed the minimal savings projected."[1]

d. In April 1967 the Deputy Assistant Secretary of Defense for Supply and Services (DASD(S&S)), OASD(I&L), requested that the OSD (Comptroller) have his Deputy Comptroller for Internal Audit (DCIA) make a special review and evaluation of the possibility for further consolidation of supply and support activities on Guam. In essence, an evaluation of the conclusions of CINCPACFLT was desired. In the report of this audit relevant findings were as follows:

> "Our review of the status of consolidated supply support provided on Guam by both NSD and Andersen AFB disclosed that a great deal of constructive effort has been made in this direction by use of Interservice Support Agreements.... There does not appear to be an opportunity for substantial increase in this type of support at this time, since there is a lack of significant commonality of both GSA and DSA items, and the dispersion of island military forces and the mission essentiality of many DSA items make a recommendation to consolidate supply management of DSA items inappropriate.... Establishment of one wholesale supply source for all DSA/GSA items utilized does not appear to be justified at this time; however, there does appear to be sufficient volume of sales available in the area to make the establishment of a single retail source for GSA items feasible.... Establishment of a wholesale supply source for common use items other than DSA/GSA items would not result in significant savings due to the very limited range of items readily identifiable as having commonality between the two defense establishments.... The findings and

[1] Commander in Chief, Pacific Fleet, Letter, subject: Review of U.S. Government Supply Activities on Guam, 9 February 1967.

conclusions presented here are parallel, to a great extent, to those presented in the Navy study, in that we agree that a single source of supply for DSA/GSA items is not practical...."[2]

e. Nothing in the chronology of events indicates that any subsequent reviews were made or any evidence developed that would refute the position of the Navy or the corroborating findings of the DCIA, OSD (Comptroller) related above. DASD (S&S), OASD(I&L), nevertheless, did not agree that a single source of supply for DSA/GSA items was impractical. Analysis of the foregoing studies by his office indicated that the subject was not examined in depth and that, in some cases, the data presented were suspect.[3]

f. In the interest of establishing a test bed for common supply procedures overseas in a relatively small and stable environment, OASD(I&L) requested the Navy Department in April 1968 to develop an implementation plan, with the assistance of the Departments of the Army and the Air Force, for a CSS on Guam. The following specific guidance was furnished around which the plan should be developed:

(1) Any item coded for integrated management (DSA/GSA/U.S. Army Tank Automotive Command (TACOM)) that can be demand-supported for utilization within the support area of Guam will be managed under the CSS. Requisitions from supported Government agencies, departments, and services for all integrated management items will be submitted to the CSS for supply action; new items for stockage will reflect accumulation of demand experience.

(2) Military Standard Requisitioning and Issue Procedures (MILSTRIP) and Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) will be utilized in requisitioning CSS supplies.

(3) CSS stock will be "owned" by the Navy Stock Fund (NSF). Ownership will be maintained until issued from the central stockage facility to the retail customers in the support area. Issues of supplies will be on a reimbursable basis using the normal interfund billing and collection procedures.

(4) All Government agencies, departments, and services will requisition integrated management items from the CSS; all CSS stocks will be available for issue to any requisitioner. The total stockage level for a CSS qualified item, to include the support area, NSF-owned stocks, and the retail stocks maintained by all customers, will be reduced to reflect support for retail customers from Guam in lieu of CONUS (continental United States) or other outside sources.

(5) Utilization of available support facilities should be accomplished where appropriate, and should not be restricted to those owned by the Navy. For example, efficient use of warehouse facilities may dictate storage of some items only at Andersen AFB for issue by the CSS.[4]

g. In September 1968 the completed plan was furnished to OSD by the Department of the Navy. It provided for implementation in three phases. Phase I would embody support for items common to Andersen Air Force Base and the Naval Supply Depot (NSD) Guam. Phase II would bring in the other U.S. Government agencies and departments for items common to them and the NSD. Phase III would consolidate support under the NSD for all integrated (DSA/GSA/TACOM) items used on the island even though there is no commonality in use between the Services and/or the other Government agencies and departments.

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[2]Office of the Assistant Secretary of Defense (Comptroller), Deputy Comptroller for Internal Audit, Special Review and Evaluation for the Possibility for Further Consolidation of Supply and Support Activities on Guam, 30 August 1967.

[3]Deputy Assistant Secretary of Defense (Supply and Services), Office of the Assistant Secretary of Defense (Installations and Logistics) Memorandum, subject: Common Supply System for Guam, 3 July 1969.

[4]Deputy Assistant Secretary of Defense (Supply and Services) Memorandum, subject: Common Supply System for Guam, 1 April 1968.

h. The plan submitted by the Navy was accompanied by qualifying conditions from both the Air Force and the Navy. It should be recognized that there are no Army or Marine Corps installations on Guam. The few (73) Army personnel on the island are accommodated by Interservice Support Agreements (ISSAs) with the Navy and the Air Force.

i. The Air Force stated that, although it could foresee no cost effectiveness to Phase I, it would not offer strenuous objections to its implementation; that it is not involved in Phase II; and that it objects to Phase III in the belief that it will do nothing to improve supply support in Guam and the additive costs involved are unnecessary and unjustified.

j. The Navy concurred with the Air Force insofar as Phase III is concerned and stated further that Navy implementation of even Phase I was predicated on a time period of 120 days after authority to obtain specified resources necessary for implementation.

k. In November 1968 ASD(I&L) directed implementation of Phases I and II to be effective on 1 July 1969. Phase III was to be deferred to facilitate implementation of Phases I and II. During the interim, local efforts on Guam, between Navy and Air Force, were requested to examine integrated items with a view toward minimizing unimportant item preferences and increasing commonality. The manpower resources requested by the Navy, as a condition for implementation, were not furnished. Necessary manpower adjustments between the Navy and the Air Force were directed to be withheld to await a manpower survey subsequent to implementation of Phases I and II. The Navy was instructed to obtain the necessary financial wherewithal to increase NSF supply levels by capitalization of Air Force inventories on Guam.

l. In April 1969 the Navy filed reclama action based upon the unfulfilled requirement for manpower augmentation, a subsequent manpower reduction with further reductions contemplated and no relief apparent in the foreseeable future; a reduction in item commonality between the Air Force and the Navy on Guam and the fact that less than 8 percent of the integrated items are, in fact, common between Andersen AFB and NSD Guam; and the DOD proposal to study Common Supply Systems as a whole for possible extension to Japan, Korea, Okinawa, and Hawaii.

m. ASD(I&L) sent a memorandum to the Assistant Secretaries (I&L) of each of the Services, on 25 June 1969, stating that he believed implementation of Phases I and II should proceed on an expeditious basis; that the problem of resources could be handled by transfer, without reimbursement, of materiel from the Pacific Utilization and Redistribution Agency and the Army's Vietnam claimant and long supply accounts in Okinawa; that obligational authority for transfer of from $100,000 to $150,000 to NSF will be issued at the time of next apportionment: that reduction in requisitioning objectives (ROs) should be made to further reduce investment requirements; and that manpower requirements be made available from the total assets available to the Navy. Accordingly, he requested that CSS operations commence on 1 September 1969.

2. IMPLEMENTATION OF THE COMMON SUPPLY SYSTEM ON GUAM

a. Concept and Procedures

(1) Having been charged with the responsibility for operation of the CSS and ownership of stocks until issued to retail customers, NSD Guam, in line with OSD(I&L) guidance, developed implementing procedures for support of Andersen AFB under Phase I and other Government agencies under Phase II of the CSS Plan. The Joint Logistics Review Board is concerned only with support of military installations under CSS; therefore, Phase II of the plan will not be further discussed.

(2) NSD Guam Instruction 4110.1 of 14 October 1969 set forth the procedures to be used in providing CSS support. The following excerpts portray how the system has been implemented:

> (a) "GENERAL. The Common Supply System (NSD Guam) will provide support to the U.S. Air Force, Andersen Air Force Base, for all DSA/GSA/TACOM integrated management items common to both the Navy and the Air Force

on Guam. NSD Guam will identify to Andersen Air Force Base those items for which requisitions must be placed on the Common Supply System.

(b) "ADDITIONS/DELETIONS. Additions/deletions to the Common Supply System stocks will be based on an accumulation of demand experience or mutual agreement between NSD Guam and Andersen Air Force Base to add items to, or delete items from, the Common Supply System inventory. (A quarterly match between Andersen Air Force Base and NSD will be made during the second month of the quarter, i.e., August, November, February, and May.) Items will not be deleted from Common Supply System inventory by NSD without providing Andersen Air Force Base with a minimum of 30 days' notice.

(c) "MISSION-ORIENTED" ITEMS. "Mission-Oriented" items are those Common Supply System stock items identified by Andersen Air Force Base as having a direct impact on combat mission support. Andersen Air Force Base will requisition only UND (Urgency of Need Designator) items A or B, Fill or Kill. UND C or D (Stock Replenishment) items will be requisitioned from NSD on a normal back-order basis.

(d) "STOCK CARRIED. NSD will furnish Andersen Air Force Base, quarterly, one copy of a machine listing of all DSA/GSA/TACOM items managed by NSD. This listing will be in stock number sequence and will be used by Andersen Air Force Base as a possible source of supply.

(e) "STOCK LEVELS. Andersen Air Force Base will maintain a 45-day stock level of Common Supply System items to support various Air Force consumers.

(f) "REQUISITIONING PROCEDURES. Standard MILSTRIP/MILSTRAP forms, formats, and procedures will be used for requisitioning Common Supply System stock. Issues will be made and status will be provided within the established time frames.

1. "Mission-Oriented items bearing Urgency of Need Designators A or B will be requisitioned from NSD as fill or kill—A and B items "killed" will be requisitioned by Andersen Air Force Base from applicable sources of supply.

2. "Mission-Oriented items bearing Urgency of Need Designators C or D will be requisitioned as all other items.

3. "Andersen Air Force Base will employ walk-thru and pick-up procedures for all Issue Group I requisitions. Exception: Walk-thru and pick-up procedures need not be employed for Issue Group I requisitions when NSD Land Transportation Service has confirmed that transportation is available to deliver such materiel during normal week (Monday-Friday).

(g) "BACK ORDER(S). Back-order (formerly referred to as "obligation") is a term used to describe the holding in suspense of material request (requisition) until the item(s) requested is available for issue. When material requested by a customer activity is temporarily out of stock at NSD Guam, the customer requisition will be "Back Ordered" only when the requisition indicates a Priority Designator of Ø9 through 2Ø and receipt of replenishment stock is anticipated within 30/45 days. Upon receipt of replenishment stock, Back Orders will be released and material requested will be issued to the customer.

(h) "PASSING ACTION. A passing action is a general term identifying all types of supply transactions associated with material demands in supply distribution systems. The term is applicable when forwarding material demands from one supply source to another supply source. NSD Guam will pass customer activity requisitions to the appropriate CONUS supply source when:

1. "The requisition indicates a Priority Designator of Ø1 through Ø8 and the material requested is temporarily out of stock.

2. "The requisition indicates a Priority Designator Ø9 through 2Ø, the material requested is temporarily out of stock and receipt of replenishment stock is not anticipated for more than 30/45 days.

(i) "FOLLOW-UP. Current status of Andersen Air Force Base requisitions may be obtained by use of MILSTRIP/MILSTRAP procedures.

(j) "BILLING PROCEDURES. Billing will be in accordance with MILSTRIP/MILSTRAP and AFM 177-206 procedures. NSD will generate detail billing cards and will submit them, together with interdepartmental billings, on a monthly basis. Payment will be by requisition number. Accessorial charges listed in Appendix 8 will be billed as separate line item entries.

(k) "MATERIAL DELIVERY. NSD Land Transportation Service will deliver material to designated terminal points at Andersen Air Force Base. Deliveries will be made during normal working hours (0800-1530) within the normal work week (Monday-Friday)."

b. Concept Deviations

(1) At this juncture, certain deviations that have been made from the initial concept and intent of CSS as implemented on Guam should be noted since they represent significant alterations of the original plan.

(2) As indicated above, Andersen AFB will be submitting requisitions for high priority mission-oriented items on a fill or kill basis, which means that NSD Guam, unless procedural changes are made, will not be able to record total demand received, lessening their capability to stock items in the depth appropriate; that Andersen AFB will continue to use the Air Force supply system in times of emergency; and that full and mandatory reliance on the CSS has been abridged. Approximately 1,500 of the 5,115 common items are classed as mission-oriented by Andersen AFB, and it is estimated that 35 percent of all requisitions for these items will be subject to fill or kill requisitioning.

(3) The second deviation relates to the requisitioning pattern prescribed by OSD at the time approval of the Guam Plan was given and implementing instructions were provided. An ASD(I&L) memorandum stated: "Requisition pattern should be direct from Air Force consumer to NSD Guam. NSD Guam may elect to retain stocks at Andersen AFB as an off-site depot stock location."[5] The implication in the above statement was that the Base Supply Office of Andersen AFB would no longer carry any stocks of the items supplied by NSD Guam, and that individual units on Andersen AFB would redirect their requirements to NSD Guam.

(4) The arguments against divorcing the many base organizational units from Base Supply for common items are overwhelming. NSD Guam would have to deal with 80 customers at Andersen AFB instead of one. Each would require catalogs and research manuals in order to prepare MILSTRIP requisitions not now required. With 40 percent of the personnel on base

[5]Assistant Secretary of Defense (Installations and Logistics), Memorandum, subject: Common Supply System on Guam, 9 November 1968.

turning over every 179 days, training and education would be the most difficult aspect of such a support arrangement. NSD Guam could not possibly respond within the time frames established by the Air Force, ranging from 30 minutes to 8 hours, to support operational aircraft squadrons. Materiel pickup would increase transportation requirements significantly. In effect, this requisitioning pattern would bring about a reversion to the unit supply officer concept long ago discarded by the Air Force.

(5) These arguments were presented to representatives of OSD during a May 1969 visit to Guam. In view of the untenable situation that this requisitioning pattern would cause, OSD agreed to eliminate this provision from the CSS Plan. Instead, support would be provided by NSD Guam to the Base Supply Officer of Andersen AFB who would continue to exercise normal support responsibilities, and all subsequent CSS planning has proceeded on that basis.

c. Scope

(1) A perspective of what part of the total stockage at Andersen AFB and NSD Guam involved in Phase I and Phase III of the CSS can be gained from the following breakdown of total inventory on 1 January 1968.

Facility	Line Items	Dollar Value
NSD Guam	70,861	39,980,690
Andersen AFB	89,522	33,696,719

(2) Data regarding the number of integrated items (DSA/GSA/TACOM-managed) relating to the above totals have been extracted from the CSS Plan drawn up in 1968 and are shown in Table B-1. Of the items stocked by NSD Guam, 39,757 (57 percent) were under DSA/GSA/TACOM management. Of those stocked by Andersen AFB, 46,769 items (53 percent) were similarly managed. Between the two, a total of 86,526 integrated items was being stocked, the number that would be supported under Phase III.

TABLE B-1

INVENTORY DATA ON DSA/GSA/TACOM ITEMS

Inventory Breakdown	Navy	Air Force
Lines Stocked		
DSA	36,242	41,747
GSA	3,218	4,729
TACOM	297	293
Total	39,757	46,769
Investments (On hand and on order)		
	$	$
DSA	5,600,000	4,463,000
GSA	1,088,000	1,757,000
TACOM	52,000	43,000
Total	6,740,000	6,263,000
Monthly Sales (Approximate)		
	$	$
DSA	590,000	658,000
GSA	131,000	139,000
TACOM	2,000	6,000
Total	723,000	803,000

Source: Department of the Navy, Naval Supply Depot, Guam, Plan for Common Supply System on Guam, 1968.

TABLE B-2

INVENTORY DATA ON COMMON DSA/GSA/TACOM ITEMS

Inventory Breakdown	Navy	Air Force
Lines Stocked		
DSA	5,608	5,608
GSA	1,270	1,270
TACOM	58	58
Total	6,936	6,936
Investments (On hand and on order)		
	$	$
DSA	1,025,706	534,984
GSA	433,305	212,203
TACOM	18,878	15,827
Total	1,477,889	763,017
Monthly Sales (Estimated)		
	$	$
DSA	106,188	77,038
GSA	48,528	14,854
TACOM	1,003	2,691
Total	155,719	94,583

Source: Department of the Navy, Naval Supply Depot, Guam, Plan for Common Supply System on Guam, 1968.

(3) Table B-2 provides a breakdown of the integrated-management items carried by both activities that are common between them. The 6,936 items identified as common are those to which Phase I of the CSS plan pertains.

(4) Significantly, the items that were common amounted to 8 percent of the integrated items stocked. Compared to the total of all items stocked, common integrated items represent just over 4 percent.

(5) The above data, which accompanied the plan for CSS on Guam when submitted to OSD late in 1968, were refined and updated prior to implementation on 1 September 1969. The most recent computations of line item count, investment, and sales are shown in Table B-3. The changes resulted mainly from the reduction accomplished by each activity up to 1 July 1969 in the range of items.

3. ANALYSIS OF THE COMMON SUPPLY SYSTEM ON GUAM

a. General

(1) An analysis of the CSS on Guam has the purpose of ascertaining the potential economy and support effectiveness of the concept as compared to support provided through Service supply channels. These economic aspects must consider the combined effect of this concept on the activity providing support, the activities supported, and on CONUS Inventory Control Points (ICPs) and depots, in terms of dollar investment and requisitioning workload. Investments necessitated by the CSS are important considerations, but more important are changes in workload at participating activities resulting from necessary changes in requisition flow. From an effectiveness point of view, the question is whether or not the CSS concept enhances supply support at base level.

TABLE B-3

JULY 1969 INVENTORY DATA

Inventory Breakdown	Integrated DSA/GSA/TACOM	Common DSA/GSA/TACOM
Line Items		
Navy	43,545	5,115
Air Force	27,433	
Investment (On hand and on order)		
	$	$
Navy	11,910	1,343
Air Force	3,334	732
Monthly Sales		
	$	$
Navy	2,181	157
Air Force	1,891	112

Source: Supply Department, Naval Supply Depot, Guam, Interviews held in August 1969.

(2) This analysis reviews Phase I of the Guam CSS as implemented, wherein items actually common to both NSD Guam and Andersen AFB are being supported. A similar analysis follows dealing with support of all integrated items managed by DSA/GSA/TACOM which, although not implemented, is Phase III of the Guam plan.

(3) Information regarding investments and workload has, for the most part, been extracted from the plan prepared by NSD Guam. When factual data were not available, the figures utilized were best possible estimates. The computations used in arriving at these estimates have, wherever possible, been verified. Projections that cannot be verified have been reviewed from the point of view of reasonableness. Considering accuracy factors of these estimates, this analysis reflects the situation expected to develop with implementation of the CSS, but without benefit of data developed through actual experience. Until the CSS, which was implemented on 1 September 1969, has been operated sufficiently long to have stabilized (allowing for changes to be made in Andersen AFB's pipeline and consumption or redistribution of items in long supply held by them), meaningful experience data with which to validate some of these projections will not be available.

b. Phase I. An evaluation of this phase centers on the changes in inventory investment that can be expected to occur at each of the participating activities. A second and equally important matter is the realignment of workload incident to requisitioning that will affect investment in facilities, equipment, and personnel. Both are treated in the succeeding paragraphs in determination of the costs or economies associated with this CSS.

(1) Inventory Investment

(a) The largest one-time expense is the additional inventory investment required. The CSS operating activity requires additional funds for stock, since demands of newly acquired customers are in addition to those normally supported. The amount of additional investment required depends on the stocking criteria of the activities involved. In this instance, both NSD Guam and Andersen AFB use variable stocking levels, i.e., the precise level of stock, in number of days, varies from item to item. Using the Navy's RO of 270 days for overseas activities, an increase in investment level to accommodate Air Force demands was estimated by NSD Guam to be $524,000. A recomputation, based on an RO of 8 months, reduced this requirement to $472,000.

(b) When NSD Guam established higher levels to support Andersen AFB demands, a drop in Andersen AFB's inventory investment was anticipated and order and shipping time was expected to change from 60 to 20 days. The amount of Andersen AFB's inventory reduction was computed by the Air Force to be $285,000.[6] This amount would have been available for transfer to NSD Guam. Subtracting this amount from the gross increased requirement of $472,000 of NSD leaves $187,000 as the net increased investment required by a CSS supporting activity. Funding is influenced by the ROs employed by the Services and activities involved. If the supporting activity maintains lower levels than the activities supported, a potential exists for inventory savings. Conversely, if the supporting activity maintains higher levels, increased investment costs are bound to occur.

(2) Workload. NSD Guam estimated that Andersen AFB will submit 5,000 requisitions to them monthly. With NSD Guam's processing 20,000 requisitions per month before CSS, this represents a 25 percent workload increase. One-time and recurring costs associated with assuming this additional workload approximated $250,000. These costs were identified by NSD Guam as follows:

(a) Equipment Investment. The stated requirement in the Guam Plan for CSS for additional equipment was $10,000, for materials handling equipment.

(b) Rewarehousing. Inventory assets of $285,000 transferred from Andersen AFB to NSD Guam is comprised of 1,600 line items (360,000 units). Fifty of these line items are bulk commodities, the remainder being binnable. NSD Guam estimated that $1,200 would be required for warehousing the items transferred.

(c) Personnel. The need for additional personnel is the largest continuing cost, most of which is incurred by the activity rendering the support. NSD Guam indicated a requirement for nine additional people to absorb the increased workload at an annual cost of $51,300.

(d) Intangible Investments. Although not specifically measured in the Guam Plan or by this review, there are additional costs that NSD Guam will have to meet in order to perform its common support responsibilities. Additional time will be required on the NSD computer for processing requisitions, receipts, and issues. Billing and requisition reconciliation will require additional personnel as well as additive computer utilization. Transportation resources will be more heavily employed to deliver materiel to Andersen AFB, which is some 30 miles from NSD Guam. Andersen AFB will also incur additional transportation costs since NSD Guam will not deliver emergency requirements after normal working hours, a reduction of support necessitated by recent budget cuts.

(3) Workload Impact on Andersen Air Force Base

(a) The average of 8,014 requisitions was submitted monthly by Andersen AFB to CONUS ICPs for all DSA/GSA/TACOM items (including some local purchase items) during the period January-June 1969. Some were submitted for common items which, under CSS, will no longer be forwarded to CONUS. A workload analysis required knowledge as to what portion of these requisitions was for replenishment of the 5,115 integrated items identified as common between Andersen AFB and NSD Guam. An attempt to obtain this information revealed that neither activity could provide it. Readily accessible detailed requisition history data are not maintained by either Andersen AFB or NSD Guam nor do CONUS ICPs maintain issue history by requisitioning activity.

(b) Therefore, in lieu of an actual count of requisitions submitted for common use items from Guam, an estimate was constructed based on the prescribed requisitioning criteria used by NSD Guam. The criteria established the level of safety and operating stock that

[6]Department of the Air Force, Headquarters, 3d Air Division, Andersen AFB, Guam, Message, 070055Z June 1969, subject: Common Supply System for Guam.

may be carried depending on the annual demand experienced. Having been provided with annual demand for each common use item, the annual number of requisitions that normally would be submitted for common items was projected. The projection indicated that, of the 2,228 integrated item requisitions submitted monthly by NSD Guam to CONUS, approximately 437 pertained to items commonly used.

(c) The same ratio of common versus integrated item requisitions was used to estimate the monthly number of common item requisitions submitted to CONUS by Andersen AFB. Of 8,014 Andersen AFB integrated item requisitions sent to CONUS each month, an estimated 1,602 were common use items.

(d) NSD Guam has forecasted that it will receive 5,000 requisitions monthly from Andersen AFB for common items, as opposed to the 1,602 requisitions per month that were previously submitted directly to CONUS. The difference of 3,398 represents the Andersen AFB workload increase in obtaining common items from NSD Guam. Using CSS procedures, it is reasonable to expect the number of requisitions to increase, because of the lower level of stock maintained by Andersen AFB. Lesser quantities of stock will be requisitioned at one time, necessitating a greater frequency of requisitioning.

(e) The Guam Plan did not make provisions for any increased workload at Andersen AFB although an increase in requisitioning, receipt processing, and related inventory control action will materialize.

(4) Impact on Total Requisitioning

(a) In addition to the 5,000 monthly requisitions that will pass from Andersen AFB to NSD Guam, both activities will continue to forward a large number of requisitions to CONUS ICPs. A comparison of monthly requisitioning volumes before and after the CSS is as follows:

Normal Requisitioning

From	To	Total
Andersen AFB	CONUS ICPs	8,014
NSD Guam	CONUS ICPs	2,228
	Total	10,242

CSS Requisitioning

From	To	Total
Andersen AFB	CONUS ICPs	6,412
Andersen AFB	NSD Guam	5,000
NSD Guam	CONUS ICPs	2,228
	Total	13,640

(b) CSS requisitioning results in a net increase of 3,398 items being generated by the two activities combined. From a DOD point of view, this represents a 34 percent increase in requisition volume. This percentage is contingent upon NSD Guam having little or no increase in their requisitioning of common items that might be caused by increased demands. Although not computed, an increase is actually anticipated since the effect of additional demands will reduce item stockage which, in turn, will require more frequent requisitioning.

(5) Workload Impact on CONUS

(a) The final area in analyzing the effects of CSS concerns workload of CONUS activities. The primary effect of the CSS is workload reduction at CONUS ICPs and depots. In the case of Guam, the extent of this reduction relates to elimination of the monthly requirement for processing the 1,602 requisitions formerly submitted to CONUS by Andersen AFB. This could be partially offset by increased requisitioning by NSD Guam.

(b) CONUS ICPs and depots, particularly under DSA, are large centralized operations that are highly computerized and geared for volume production. In FY 69, DSA Centers processed a total of 20,250,039 requisitions. The number of requisitions eliminated from Guam because of the CSS becomes insignificant when measured against this total. Using DSA's FY 69 average line item cost (for personnel only) of processing a requisition in an ICP ($1.56) and through a depot ($3.81), an annual savings of $103,000 would be realized if, in fact, personnel reductions were made.

(c) Another element of anticipated savings attributable to the CSS concerns the greater consolidation of shipments by CONUS depots when all requisitioning is by NSD Guam. Although greater shipment consolidation would undoubtedly save money, precise measurement is not possible. Integrated items that are not common would continue to be shipped direct, therefore consolidation of common items would be at the expense of consolidation that would normally take place with direct shipments. Because of a myriad of conditions, some of which are explained in Appendix F, shipment consolidations are accomplished less frequently than is generally assumed.

c. Phase III

Under this phase all DSA/GSA/TACOM items would become a support responsibility of NSD Guam. As with Phase I, an evaluation in terms of inventory investment and workload has been made.

(1) Inventory Investment

(a) Incorporating all integrated items used by Andersen AFB (46,769) and NSD Guam (39,757)—a total of 86,526 at the time the plan was developed—would require a substantial one-time investment by the Navy. Additional funds based on a 9-month RO, was estimated by NSD Guam to be $6.4 million. Reduced to an 8-month RO, the increased investment needed would be about $2.0 million less. (The on-hand and on-order value of stocks at NSD Guam at the time the plan was developed was $6.7 million). Although only about $0.5 million applies to additional investment for common items, the bulk of the increased investment ($3.9 million) applies to integrated items not previously stocked or used by NSD Guam.

(b) The 1968 Andersen AFB inventory of integrated items approximated $6.3 million. By August 1969, primarily because of a vigorous excessing program, this inventory was reduced to $3.3 million. The Air Force did not compute the portion of this amount that would be available for transfer to NSD Guam to offset its increased stock requirements, but $1.5 million is considered a reasonable estimate.

(2) Workload. At the time the CSS Plans were developed, a daily workload of 3,500 stock control transactions was being experienced at NSD Guam. Under Phase III, 5,000 additional daily stock control transactions are expected. To accomplish this added workload, the following investments were forecast:

(a) Equipment. Additional materials handling equipment (MHE) in the amount of $40,000 was projected to meet the increased workload.

(b) Warehousing. To consolidate all integrated stock at NSD Guam it was estimated that 120,000 gross square feet of new warehousing facilities would be required. Construction costs were estimated at $3.8 million. In lieu of erecting new facilities, it has been suggested that existing Government warehouses wherever located be utilized by NSD Guam.

(c) Transportation. Increased annual transportation costs were estimated to be $16,000.

(d) ADP Equipment. In addition to present rental costs, a requirement for $96,000 has been computed to cover increased computer processing costs associated with the assumption of Air Force support.

(e) Personnel. Based on the projected workload of 5,000 additional daily stock control transactions, the number of additional personnel required was estimated to be 58, involving an annual recurring expense of $330,000.

(3) Workload Impact on Andersen AFB. The preceding reflects the effect of assigning total DSA/GSA/TACOM support responsibility to NSD Guam. Although not previously analyzed, the workload at Andersen AFB would also increase. Based on the 3,014 monthly requisitions for integrated items that Andersen AFB has submitted to CONUS ICPs, the volume that might be submitted to NSD Guam could be two to three times this number, due to the need for more frequent requisitioning because of the reduced stock levels at Andersen AFB. Significant increases in requisitioning volume would result in an increased requirement for MHE, transportation, and personnel.

(4) Workload Impact on CONUS. Because of the variations in the range of DSA/GSA/TACOM items stocked by the Navy and Air Force on Guam, the number of NSD Guam requisitions to CONUS will increase considerably. Since the range of items to be stocked at NSD Guam will almost double, the requisition volume will also double. NSD Guam requisitioning upon CONUS will be about 4,500 monthly instead of 2,228 formerly submitted. Despite this increase, the net effect on CONUS will be a drop of about 5,500 per month, which is the difference between the 8,000 submitted by Andersen AFB and the 2,500 additional items that NSD Guam will be submitting. Annual savings in personnel costs for ICP and depot processing would approximate $600,000.

(5) Shipment Consolidation. With all integrated items being shipped to a single activity, except for those high priorities passed for direct shipment to ultimate consignees, the possibilities for shipment consolidation would be maximized. The amount of consolidation and resultant savings cannot be clearly identified. As explained in Appendix F, consolidations are accomplished considerably less often than is generally supposed.

d. Inventory Analysis

(1) In addition to reviewing inventory investment and workload aspects, it is important to consider the inventory make up in order to establish demand characteristics of items that would be commonly supported. To this end, the inventory of common use items carried by NSD Guam was analyzed to ascertain the demand profile of items being supported under Phase I. The results of the analysis are shown in Table B-4.

(2) Discounting the 680 items with no demand leaves 4,435 items that are actively used in common. Examination reveals that a large percentage of these items should be ordered on a very infrequent basis under the Economic Order Quantity (EOQ) principle. It is the aim of EOQ to eliminate workload costs with additional, but not significant, investment in inventory. On the part of customers the CSS concept minimizes the use of EOQ and maximizes the output of requisitions. In effect, the tradeoff of EOQ is reversed with decreased investment and increased workload.

(3) Although a detailed analysis has not been made for all integrated items, it is reasonable to conclude that the inventory profile of all integrated items will closely resemble the common item profile examined above. Accordingly, the majority of integrated items will have relatively small annual demand history and, therefore, be subject to EOQ requisitioning principles.

TABLE B-4

PROFILE OF COMMON USE ITEMS CARRIED BY NSD GUAM

Number of Items	Annual Demand	Authorized Operating Level (months)
680	0	-
2,224	0.01 to 58.85	12.0
455	58.86 to 115.36	8.0
305	115.37 to 182.33	6.0
272	182.34 to 274.62	5.0
301	274.63 to 461.48	4.0
223	461.49 to 729.33	3.0
182	729.34 to 1,098.5.	2.5
175	1,098.53 to 1,845.95	2.0
159	1,845.96 to 3,767.25	1.5
139	3,767.26 to --	1.0
Total 5,115		

4. EVALUATION AND SUMMARY

a. A CSS on Guam is feasible. As to the degree of support that can be expected from the activity performing the CSS mission, there is no reason to believe that satisfactory issue effectiveness could not be maintained in response to routine requests for materiel, once adequate and appropriate stock levels have been reached. Some difficulty and delay may be experienced in the physical handling of materiel and the processing of issues if manpower resources are not provided equal to the increased workload generated under common supply.

b. To the customer of common supply on Guam there are certain advantages that can be readily identified. With supplies close at hand, activities supported can, with a reasonable degree of safety, reduce levels of stocks carried. With a shorter pipeline, stocks are normally more readily available when needed.

c. The potential value of such a system on Guam is limited by the fact that only 8 percent of the integrated items are common to Andersen AFB and NSD Guam. Further, of the 5,115 items identified under the criteria established, the Air Force has classified 1,500 as mission-oriented and, therefore, not appropriate for common supply.

d. Observations of NSD Guam, after only 4 months of experience with common supply, indicate that sufficient time has not elapsed for the operation to stabilize. The requisitioning volume from the Air Force is short of projections, and a monthly volume of 5,000 will probably not be attained. This is due to the fact that no action has been taken by Andersen AFB to reduce stock levels beyond decreasing order and ship time.

e. A January 1970 report prepared by NSD Guam summarized the workload situation as it then existed.

"The first four months of operations under common supply have not provided NSD Guam with the workload increase originally anticipated, as evidenced by the following breakdown of demands:

	Sep	Oct	Nov	Dec
Air Force	618	752	844	981
Other	540	1351	1920	1365
Total	1158	2103	2764	2346

"These indicators show a delayed response in requisitions under CSS but point to an eventual increase in demands of about 25 percent....

"Cost impact [Operations and Maintenance, Navy] (O&MN) has been significant due to cost associated with capitalization of AF stocks, considerable ADP support in implementing...and problems associated with the different levels of sophistication in stock control systems....

"Cost impact (NSF) has been in general accord with initial planning estimates."[7]

f. According to the report, one of the primary problems in implementing common supply involved interfacing between the Air Force stock control system, which utilizes an advanced computer, and NSD Guam's system, which utilizes an antiquated card system. For example, the Air Force submits requisition modifiers, cancellations, or follow-up requests that are automatically produced by their mechanized system. Upon receipt, NSD Guam must manually process these.

g. Of the 3,195 demands received from Andersen AFB between September and December 1969, NSD Guam recorded issues of 2,464, for an issue effectiveness of 77 percent.

h. It has become evident that the different Navy and Air Force philosophies regarding stocking and ordering of materiel are important to the workload aspect of this analysis. The Air Force maintains lower stock levels than the Navy but requisitions with greater frequency. If the philosophies of these two Services were the same, CONUS activities would experience only a slight decrease in the number of requisitions received as a result of Phase I. Under Phase III, there would be no reduction whatsoever. Under the existing situation, however, a more pronounced reduction of requisitions processed in CONUS occurs.

i. Essentially, the common supply concept has the effect of transferring the requisition processing and distribution function of CONUS ICPs and depots to the overseas CSS supporting activity. The undesirability of this workload transfer is partially offset where common items are supported and some benefits are derived. Where common usage between Services does not exist, there are no offsetting advantages to compensate for the increased workload that falls on the supporting activity, and no justification is seen for extending common supply to include items used only by one Service.

j. Important to the requisitioning workload at overseas bases is the fact that lower stock levels inhibit the use of EOQ requisitioning on the part of customers. To explore the extent to which such requisitioning would be affected, the analysis examined the inventory of common items carried by NSD Guam from a demand point of view. It was found that nearly half the items in the common supply inventory had an annual demand of less than $60, or $5 per month, according to NSD Guam records. In the interest of lessening workload with a minimal increase in inventory, these and other low-demand items should be ordered no more than once or twice a year, an impossibility if only 45-day stock levels are to be maintained.

[7]Naval Supply Depot, Guam, Letter, Serial 44, subject: Common Supply System for Guam, 9 January 1970.

k. The greatest concern regarding effectiveness centers on the ability of the supporting activity to cope with emergency requirements of its requisitioners. Responsiveness to emergencies may not be sufficiently timely, even if the supporting activity has stock available. For example, the Air Force has established response time frames ranging from 15 minutes to 8 hours to meet flight line requirements. The possibility that any offbase supporting activity could respond to such short time frames in more than a few cases, is considered remote. The distances between activities and the time required to deliver materiel are both deciding and limiting factors. Another factor is the capability of supporting activities to react to emergency situations. NSD Guam, for example, has recently suffered a cut of 26 percent in its operations and maintenance budget. This has resulted in the curtailment of many services previously performed, including the delivery of materiel after normal working hours, emergencies notwithstanding. Circumstances such as these have an adverse impact on effectiveness. The operation of this concept adds a requirement for services by NSD Guam at a time when their capability is diminished because of greater austerity.

l. In brief, the introduction of the common supply system on Guam is resulting in increased investment costs, workload, and transportation. Sufficient savings have not been identified to compensate for the added costs.

APPENDIX C
ITEM COMMONALITY IN JAPAN

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ITEM COMMONALITY IN JAPAN

1. PURPOSE

a. A study of integrated (Defense Supply Agency (DSA)/General Services Administration (GSA)/U.S. Army Tank Automotive Command (TACOM)-managed) and common use items on Guam revealed that only a very small percentage were actually used by both the Navy and the Air Force. Except for small detachments drawing support from these Services, no Army or Marine Corps installations are located on Guam.

b. Japan has been nominated by the Office of the Secretary of Defense (OSD) for participation in common supply systems. Since it has a much larger military population, with both Marine Corps and Army well represented, it was selected to provide item statistics for analyses and comparison purposes.

2. ANALYSIS

a. A major installation of each Military Department was selected to participate. Card decks were furnished for each integrated item stocked. Activities and line item counts are:

Activity	DSA/GSA/TACOM Items Stocked
Army (Sagami Army Depot)	93,677
Navy (Naval Supply Depot, Yokosuka)	104,592
Air Force (Tachikawa Air Base)	45,487

b. A computer program was developed at Tachikawa Air Base to perform a three-way match of these individual cards to determine how many items were common to all three participants and how many were common to only two.

(1) A total of 243,756 integrated-items cards, representing 213,354 separate line items, were matched. Only 5,353 items, or about 2.5 percent of the separate line items, are common to all three participants.

(2) In addition, matches were effected to ascertain the number of items that were common to two participants. These results were as follows:[1]

Activities Matched	Total Integrated Cards Processed	Total Items Common to Two
Army/Air Force	139,164	2,870
Navy/Air Force	150,079	5,713
Army/Navy	198,269	12,113

[1] U.S. Air Force Tachikawa Air Base, Message 290515Z September 1969, Common Supply Support Conference held at Tachikawa AB, Japan, 2-3 Sept 69.

(3) To determine the volume and percentage of integrated items actually common to any two Services, the preceding data is merged as follows:[2]

Activities Merged	Items Common to Two	Items Common to all Three	Total Columns 2 and 3	Percent Common to Two
Army/Air Force	2,870	5,353	8,223	6
Navy/Air Force	5,713	5,353	11,066	7
Army/Navy	12,113	5,353	17,466	9

c. The range of items to be stocked by a supporting activity in Japan, if all integrated items were to come from one supplier (as in the case of Phase III of the Guam Plan), would approximate the 213,354 revealed by this analysis. Of this total 186,305 or roughly 90 percent did not match at all, meaning that they were stocked by only one of the participants.

d. The total number of items that matched in some manner among the three installations was 26,049, which would be the approximate range a supporting activity would have to stock if support of common use items only were directed. Irrespective of which Service was selected, augmentation would be required.

e. Although a Marine Corps activity was not included in this analysis, it is probable that commonality between the Marine Corps and the Army is greater than between other Services, in view of the similarities of end items used.

f. Appendix F contains information regarding delivery times and distances between installations in Japan.

[2] Ibid.

APPENDIX D
COMMON MEDICAL SUPPLY SYSTEM

APPENDIX D
COMMON MEDICAL SUPPLY SYSTEM

1. BACKGROUND

a. Nature of Materiel

(1) Medical materiel is by nature a critical commodity, unique among the commodities used by the Services. There are about 12,000 medical items in the Department of Defense (DOD) inventory. These items seldom migrate from one inventory control point (ICP) to another.

(2) Medical materiel management requires the use of techniques that are probably used more routinely in the medical area than with other categories of materiel. Specific examples are requirements for control of potency dated items and narcotics, and determinations of professionally acceptable item substitutions.

(3) For all practical purposes, medical materiel is used exclusively by professionally trained personnel of the medical components of the Services. It is one of the resources essential to the operation of the health-care system, and its management and control must be responsive to medical requirements.

b. Medical Support Policies and Systems

(1) Each Service plans, programs, implements, and maintains its own worldwide health-care system, which includes a supporting medical supply organization.

(2) In the continental United States (CONUS), direct medical supply support is provided to the individual Service activities by the Defense Supply Agency (DSA), Defense Personnel Support Center (DPSC), which has wholesale responsibility for procurement, storage, and issue of medical stocks. In overseas areas DPSC provides materiel to Service stocking activities in response to requisitions. These activities, in turn, support other military activities in accordance with the support mission assigned.

(3) The basic roles and missions of the Services cause significant differences in logistic philosophies and doctrines and influence the design and configuration of medical materiel distribution and support structures established by each Service.

(a) Army. The Army Medical Supply System is larger and more complicated than that of any other Service. It provides for overseas medical depots under the direct control of the appropriate command surgeon.

1. This system is designed to meet prolonged land warfare. These conditions are significantly different from those of the other Services (except the Marine Corps, when engaged in prolonged land combat) in terms of volume and unpredictability of requirements.

2. It must be prepared to support large numbers of battle casualties in addition to disease and nonbattle injuries. A sudden influx of battle casualties into an Army hospital can reduce a 30-day supply of medical supplies to zero in a matter of hours. Additionally, Army troops in carrying out their land warfare missions are exposed to local environmental health hazards that result in increased disease rates. An immediate source of resupply, not dependent on out-of-country transportation or supply availability, is essential.

3. This system, which represents the largest in-country source of medical materiel, is also required to support non-U.S. programs. In wartime, a normal mission is to support refugee and displaced person programs. Since October 1966, the 32nd Medical Depot

has provided medical supply support to the Free World Military Assistance Forces (FWMAF) in Vietnam. The U.S. Army Medical Depot, Ryukyu Islands (USAMDR) has supported the medical materiel programs of the U.S. Agency for International Development (AID) Programs in Vietnam and Laos since October 1966 and the Army of the Republic of Vietnam (ARVN) since July 1967.

4. In summary, the Army medical supply system reflects the differences in land warfare vis-a-vis the requirements generated as a result of air, amphibious, and sea warfare. Since the Army represents the largest user of medical materiel on a land mass, it is normally responsible for the support of non-U.S. medical materiel programs.

(b) Navy. The Navy logistic system overseas emphasizes direct and indirect support of the fleet by tidewater supply depots and/or base supply departments.

1. Direct fleet support consists of forecasting, stocking, and issuing materiel directly to ships and fleet units, usually during restricted alongside periods. Medical is but one of the many commodities that must be available on a "walk-through" basis.

2. Indirect support includes supply services to those base components required to support operational forces. A Naval hospital is usually one of the base activities. Consequently, some variation in range and an economic order quantity (EOQ) increase in depth recognizes this additional depot requirement.

3. Army medical depots and Air Force medical activities are normally located inland, away from port areas, and close to the hospitals that are their primary customers. In this environment, medical supply support of the Navy by another Service would involve a backhaul, in many instances to the same port through which the supplies were received.

(c) Marine Corps. Medical support of the Fleet Marine Force in combat usually presumes an initial amphibious operation of relatively short duration, followed by withdrawal from a completed operation or transfer of responsibility to the Army. Conceptually, support is on an individual or supply-block basis.

1. Every Marine enters combat equipped with an individual first-aid kit. Each doctor and corpsman in the initial assault group carries an individual surgical instrument and supply set.

2. The supply block concept includes a basic outfit, an initial supply block, a mounting out block, and combat resupply blocks.

a. Basic Outfit—Medical materiel to support a particular unit and mission for 10 days of combat.

b. Initial Supply Block—For the medical battalion and its component companies, a 10-day augmentation of the basic outfit; for other ground forces, an augmentation of the basic outfit that is planned to support 3000 troops for 20 days.

c. Mounting Out Supply Block—Medical materiel support of 3000 men for 30 days of combat.

d. Combat Resupply Block—Resupply materiel to support 3000 men for 30 days of combat.

3. Medical supply flow normally follows the chain of command from the force logistics command or force service regiment down through the division to the medical battalion. Intermediate echelons are bypassed whenever possible. In other situations, medical supply for the Marine Corps may be:

a. In garrison, as an element of the Marine Corps supply system.

b. Prolonged land warfare, under an ad hoc determination based on developments.

(d) Air Force. The Air Force Medical Supply System is less complicated than that of other Services. The simplicity is due to several factors. In accordance with basic Air Force philosophy, they do not operate any depots overseas. This arrangement permits direct Air Force requisitioning on the CONUS ICP (DPSC). Since there are no intervening supply systems to create interfacing problems, and because their medical treatment facilities normally have the same mission (i.e., to provide medical care to Air Force and other Service personnel at the base where the medical treatment facility is located), it is a relatively uncomplicated matter to define and standardize their medical materiel system. This system is centrally designed by an activity responsible to the Air Force Surgeon General. Standardized medical supply programs are on base computers; consequently, the Surgeon General's Office and intermediate headquarters can monitor status and performance at individual locations as well as worldwide.

c. Support Structure. The support structure in the Pacific and SE Asia is as follows:

(1) Japan. The 504th Medical Depot is the sole Army requisitioner of medical materiel on CONUS; the Naval Supply Depot, Yokosuka, is the sole Navy requisitioner; and Tachikawa, Misawa, and Itazuke Air Bases are Air Force requisitioners. Other Air Force activities in Japan are supported by these bases, however, the amount of such support is negligible.

(2) Korea. The 6th Medical Depot at Ascom City is the sole Army requisitioner of medical materiel on CONUS, and Osan Air Base is the sole Air Force requisitioner. The only Navy activity is a small dispensary at Chinhae, which requisitions from and is supported by the Naval Supply Depot at Yokosuka, Japan.

(3) Thailand. The 21st Medical Depot at Camp Friendship (Korat) is the sole Army requisitioner of medical materiel from sources outside of the country. These requisitions are submitted to USAMDR in Okinawa. The 21st Medical Depot supports some 35 customers in Thailand of which the 5th and 31st Field Hospitals are the principal customers. There is no Navy medical facility in the country.

(4) Okinawa. USAMDR is the sole Army requisitioner of medical materiel from outside the country. These requisitions are forwarded to the U.S. Army Medical Materiel Agency (AMMA) at Phoenixville, Pennsylvania, as opposed to direct requisitioning on the DPSC in Philadelphia. USAMDR provides support to Army activities in Vietnam, Thailand, and the Ryukyu Islands; Republic of Vietnam Armed Forces and FWMAF in Vietnam; AID activities in Vietnam, Thailand, and Laos; Republic of Korea (ROK) Vietnam medical evacuees; and on-island military and other departmental customers as authorized, including those supported under Interservice Support Agreements (ISSAs). There are no Navy or Marine Corps requisitioning activities on Okinawa, since they are being supported by the Army under ISSAs. Kadena Air Base, the sole Air Force requisitioner of medical materiel, submits its requests to the CONUS inventory control point (DPSC).

(5) Vietnam. The 32nd Medical Base Depot at Cam Ranh Bay is the sole Army requisitioner of medical materiel from outside the country. Materiel so requisitioned, however, may be consigned to any of their four in-country depots. These requisitions are submitted to USAMDR. Navy Support is provided by the Navy Support Activity (NSA), Saigon, which normally submits requisitions to the NSA, Da Nang, where demands are either satisfied or passed to DPSC in Philadelphia. NSA, Da Nang, which operates a hospital and supports the Marines, also submits its own requisitions to DPSC. The Medical Supply Account at Cam Ranh Bay is the sole Air Force requisitioner of medical materiel on CONUS, and it supports the other Air Force activities in Vietnam.

2. DEVELOPMENT OF THE COMMON MEDICAL SUPPLY SYSTEM

a. Coincident with and as an extension of the integrated item common supply systems established in Vietnam on a limited basis, and on Guam on a trial basis, the Office of the Secretary of Defense (Installations and Logistics) (OASD(I&L)) in October 1968, initiated action to establish a Common Medical Supply System in several Pacific locations. This decision was based on OSD staff visits to Okinawa and South Vietnam that indicated that the Army Medical Depot on Okinawa

was providing outstanding support to the Army in Vietnam. To take advantage of the Okinawa Depot service and facilities, while reducing their medical supply overages, OSD desired to determine whether all requisitions for common medical supplies for all Services in South Vietnam, Thailand, Korea, Japan, and Okinawa should not be routed via the Army medical supply channels in South Vietnam and Okinawa. In coordination with the other Services, the Army was requested to develop a specific plan for assuming such support.[1]

b. The Common Medical Supply Support Plan—PACOM was developed by the Army and subsequently submitted to OSD(I&L) in April 1969. It explored three possible alternatives:

(1) Alternative I. Army medical depots in Japan, Korea, and Thailand assume responsibility for common medical supply support in their respective countries and obtain resupply directly from CONUS sources. The Army Medical Depot, Okinawa, assumes responsibility for common medical supply support of the Navy and Air Force in Vietnam and the Air Force on Okinawa.

(2) Alternative II. Same as Alternative I, except that resupply for Japan and Korea be provided by the Okinawa Medical Depot.

(3) Alternative III. Same as Alternative II, except that resupply of the Air Force in Thailand be provided by the Okinawa Medical Depot.

c. Due to cost factors and inadequate ocean transportation from Okinawa, Alternatives II and III were eliminated.

d. The main action recommended in the plan was that the Army be authorized to implement common medical supply support in Japan, Okinawa, and Korea. Common support of the Air Force in Thailand and the Navy and Air Force in South Vietnam was not recommended.[2]

e. These recommendations were accepted by OSD(I&L) and implementation was directed. The Air Force and the Navy, which did not participate in the study, requested an opportunity to review and comment prior to implementation.

f. Both the Navy and the Air Force concurred with the recommendation that the present medical materiel support arrangements in Vietnam be retained. The Air Force concurred in the same recommendation relative to Thailand. Opposition to the plan for Korea was registered by the Air Force, and both the Air Force and Navy objected to common medical support in Japan. The Air Force concurred in the Army providing support to Kadena Air Base on Okinawa by means of an ISSA.

g. The Navy did not concur with the study recommendations to implement common medical support in Japan because there was no conclusive evidence that Navy participation would provide significant savings. On the other hand, support effectiveness for Navy activities afloat and ashore were expected to decline.[3] The Air Force, for a host of reasons, did not concur with the medical plan for Korea and Japan. One of the chief reasons was that the additional DOD cost of $127,000 for inventory in Korea and $797,000 for inventory in Japan was considered uneconomical. The annual net DOD savings of $15,000 in Korea and $22,000 in Japan were not attributable to common medical support economies, but to savings in surface transportation rather than air. As in the case of Navy, the Air Force also anticipated a drop in the level of support from Army versus support the Air Force could provide itself.[4]

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[1]Office of the Secretary of Defense (Installations and Logistics), Memorandum, subject: Interservice Use of U.S. Army Medical Depot, Okinawa, 16 October 1968.

[2]Department of the Army, Common Medical Supply Support Plan (U), Part I, October 1968, pp. 2,3 (CONFIDENTIAL).

[3]Assistant Secretary of the Navy (Installations and Logistics), Memorandum, subject: Interservice Use of the U.S. Army Medical Depot, Okinawa, 12 August 1969.

[4]Assistant Secretary of the Air Force (Installations and Logistics), Memorandum, subject: Interservice Use of the U.S. Army Medical Depot, Okinawa, 11 July 1969.

h. After reviewing Service comments and considering all aspects, ASD(I&L) elected to proceed with implementation of a common medical supply system for all Services in Okinawa and Korea.

3. EVALUATION OF THE COMMON MEDICAL SUPPLY SYSTEM

a. A common supply system for medical supplies, as for any other type of materiel, employed in peacetime must be capable of responding to wartime requirements. It must recognize the peculiarities of Service roles and missions. It cannot be justified solely on cost savings. The primary and overriding consideration must be the achievement and maintenance of a capability to provide the best possible level of medical supply support to the professional staff entrusted with the care of patients.

b. The advantages advanced by the Army plan are summarized as follows:

(1) The number of requisitions submitted to CONUS will decrease.

(2) Economies in shipments from CONUS to overseas areas appear to be possible since larger quantities per requisition will permit expanded use of bulk shipments.

(3) An increase in readiness posture will be achieved since the source of supply will be closer to the user.

(4) The use of the Army Medical Department Catalog of Non-Standard Medical Materiel by the Navy and the Air Force will permit submission of nonstandard requisitions by transceiver rather than in hard copy. An additional savings during procurement is possible since procurement specifications have been developed for these items.

c. Appendix D Annexes 1 and 2, which summarize the position of the Navy and the Air Force regarding the Army plan, state specifically and in detail the arguments against common support. The most important observations are the facts that improved supply effectiveness is neither claimed nor foreseen by any of the Services and, in every case where common supply is proposed, considerable additional costs to DOD are involved. These increased costs are indicated in the following data that summarize the anticipated costs and savings that will result from the Army assuming common supply responsibilities under Alternative I of the Common Medical Supply Plan.

Country	One-Time Investment (Dollars)	Recurring Costs/Savings (Dollars)	Personnel Increases
Japan	797,000	22,000 Savings	None
Korea	167,000	15,000 Savings	3
Okinawa	5,350,000	309,000 Cost	32

d. On a tradeoff basis, the hard costs presented above appear to convincingly offset the intangible factors identified as advantages in the Army plan. Therefore, from the evidence presented, common medical supply support as proposed by the Army lacks economic justification.

ANNEX D1
NAVY COMMENTS ON THE ARMY COMMON MEDICAL SUPPLY SUPPORT PLAN

"1. Implementation of the Plan would eliminate the medical supply mission of the Naval Supply Depot (NSD) Yokosuka. The continued availability of medical material in this immediate area is essential to the timely support of the Seventh Fleet and other Fleet Units which frequently are in port for only a few hours. The removal of this support capability to a location 35 miles, or four to five hours, away cannot help but have an unfavorable impact on support responsiveness. This is especially significant in view of the fact that 47% of the line items of medical material issued by NSD, Yokosuka are issued to Fleet Units.

"2. Responsiveness to Navy activities at Sasebo and Iwakuni can also be expected to suffer with relocation of medical support to the 504th Medical Depot at Tokorozawa, since these activities would be completely cut off from a scheduled transportation delivery system from that point.

"3. The proposed plan specifically excludes from the support by the 504th Medical Depot of those items purchased on the local economy. While such support logically should be provided at the point nearest the user, this action would have the effect of requiring Navy customers to maintain dual requisitioning channels. Since shipboard consumers would not necessarily know which items were to be purchased, the supply channels would tend to become confusing with an attendant decrease in responsiveness.

"4. The study estimates that the 504th Medical Depot can support both the Navy and the Air Force in Japan with a possible annual saving of $21,967. Analysis of the estimates reveals that this saving is attributable to reduced transportation costs and represents the net impact of an estimated reduction of $24,671 in transportation costs for support of the Air Force and an estimated increase of $2,704 in transportation costs for support of the Navy. It appears that the saving would be greater if Navy does not participate in the proposed system.

"5. There are no apparent economies to be achieved in surface transportation costs by consolidating stocks at the Army Medical Depot. The difference in terminal charges between Yokohama and Yokosuka, $3.14 and $2.65 per measurement ton respectively, may increase total costs beyond those considered in the study. Whether or not these costs were considered as a part of the total transportation costs is not apparent.

"6. Presently, the 504th Medical Supply Depot carries only 70% of the medical line items carried by the Navy Supply Depot (NSD) Yokosuka. Additional line items utilized by Navy customers will of necessity have to be added to Army stocks to prevent degradation of support. These additional items will increase the amount of stock fund monies required.

"7. The Army plan proposes that each Service will continue to own, maintain and manage medical war reserve and contingency stocks. NSD Yokosuka maintains approximately $2,000 of medical war reserve. Although minor in dollar value, shelf life items may not be rotated through issue as presently accomplished.

"8. The plan indicates a requirement for a stock build-up at the 504th Medical Depot of $1,538,000. This would be partially off-set by a $540,000 stockage drawdown at NSD Yokosuka and a reduction of $250,000 in Air Force Order and Ship Time. The net build-up of $748,000 does not appear to be consistent with the objectives of consolidation."[1]

[1] Department of the Navy, Assistant Secretary of the Navy, Memorandum, Serial 862P41, subject: Interservice Use of the U.S. Army Medical Depot, Okinawa, 12 August 1969.

ANNEX D2
AIR FORCE POSITION PAPER ON DEPARTMENT OF THE ARMY STUDY COMMON MEDICAL SUPPLY SUPPORT PLAN-PACOM

(Short Title: CMSSP-PACOM)

I. GENERAL AIR FORCE POSITION ON CSS

A. The DoD concept of establishing a single channel of supply for DoD integrated items outside the Continental United States (CONUS) is not shared by the Air Force.

B. As a result of experience gained from 1947-1958, the Air Force discontinued its overseas depots. This decision was based on the fact that there were certain demonstrable logistic and economic advantages in eliminating the depot layer of supply support between customer and wholesaler. At no time since we discontinued the overseas depot operations have we had the desire or need to re-establish such installations. Consistently lower inventories and high fill rates to customers confirm the effectiveness of our existing system. To illustrate this, the following comparative data on the Air Force medical stock record account (FM 5275), Cam Ranh Bay, Vietnam, and the 6th Army Medical Depot, Ascom City, Korea, are provided (these units chosen because of similarity in annual sales):

Element	FM 5275	6th Army Med Depot	% Difference
Annual Sales/Issues ($ millions)	$3.4	$3.7	+8[3]
Requisitioning Objective ($ millions)	$1.3	$1.7	+30[3]
Staffing (Nr Personnel)	46[1]	154[2]	+234[3]
Fill Rate to Customers (%)	96.4	91.0[4]	-4

[1]Staffing integral to the 400-bed 12th USAF Hospital; provides all medical materiel functions for the 400-bed 12th USAF Hospital.
[2]Staffing not integral to 121st Evacuation Hospital, Ascom City, which has separate organic medical supply element not included in this manning figure (69 people authorized for warehousing function above).
[3]234% more staff, and 30% greater requisitioning objective required for an 8% greater level of sales.
[4]As low as 52% in FY 1967.

C. In the contemporary environment of ADPE, AUTODIN, and large cargo aircraft, the economics of necessity for overseas depots is more than ever overshadowed by the responsiveness to requirements, the reduction in inventory and control of excesses which can be effected with direct CONUS depot support.

D. The advantages of satelliting or super-imposing additional services upon existing individual overseas depot systems are obscure. The volume of excesses which are the current

result of these operations undoubtedly led to the establishment of the Pacific Utilization Redistribution Activity (PURA). The expansion of the current depot system to encompass medical items might well result in the generation of new and different excesses. Conversely, direct to source requisitioning results in lower theater inventories, shorter pipeline to users, reduced storage and handling, improved serviceability, quicker response to new demands, and fewer transshipment problems.

II. CRITIQUE OF CMSSP-PACOM PLAN

A. Army study does not address impact of elimination of Army Medical depots, especially savings potential connected with direct support from CONUS to overseas customers/users.

B. Army study does not address political or strategic logistic considerations.

C. CMSSP-PACOM does not address issue of on-time fill rates to customers.

D. Plan does not address potential of PURA to resolve Army medical materiel excess problem.

E. Although the CMSSP highlights the intangible savings attributable to processing fewer requisitions to CONUS and expanded use of bulk requisitions, it does not address the somewhat more tangible expenses connected with:

1. The staffing required at the US Army Medical Materiel Agency, Phoenixville, Pennsylvania, to handle all Army depot requisitions from PACOM, as opposed to direct requisitioning on the Defense Personnel Support Center.

2. An increase in depot inventory losses connected with the net increase ($875,000) in medical-dental materiel inventories in PACOM. Even if operating stock losses were estimated at a conservative 1% of inventory per year, this would mean an annual increase in stock losses due to deterioration, destruction of outdated items, damages in shipment, etc., of nearly $9,000.

3. Any increases in costs connected with physical processing of medical materiel and documentation through one additional echelon in the supply distribution systems viz., an Army depot. Such costs though real are somewhat obscured by the Army denial of significant added resource requirements for such processing. Refer to page 41, Chapter 3, Costs of Operation and Maintenance Activities (Army): Technique for Analyses and Estimation, Economics and Costing Departmental Technical Paper, RAC TP-242, Revised January 1968, which indicates an additive annual OMA cost for Army Overseas Depot operation of $9.00/short ton processed excluding shipping charge of $8.00/short ton.

4. Tying up an additional $875,000 in cash for an inventory build-up. Plan assumes no cost for use of this cash. At 5% per year, such an investment would cost nearly $44,000 per year. In other words, the total annual savings estimated would not finance the interest on this investment.

III. AIR FORCE POSITION ON APPLICABLE CMSSP-PACOM RECOMMENDATIONS

A. Recommendation A. The Army be provided the resources identified with respect to Japan and Korea and be authorized to implement CMSSP-PACOM in these two countries.

1. Air Force Position: Nonconcur.

2. Reasons for Air Force nonconcurrence:

a. Japan and Korea.

(1) Additional Steps in Procurement Chain. All requisitions for items at zero balance in the depot are to be forwarded to the US Army Medical Materiel Agency

(USAMMA), and thence to the Defense Personnel Support Center (DPSC) for direct delivery to the requisitioner. Today, the Air Force requisitioner would order such items directly from the DPSC, vis-a-vis, Army Depot, USAMMA, and thence to DPSC in accordance with the CMSSP.

(2) Surcharge on Items not Handled by Army Depot. Plan calls for 16% surcharge on items delivered directly to Air Force customer from DPSC with no depot handling of the materiel.

(3) 16% Surcharge. Plan projects a 16% increase in the medical-dental materiel operating expense of Air Force medical units.

(4) Additive Air Force Personnel Requirements Not Included. No provision has been made for additional Air Force personnel requirements for depot liaison.

(5) Retail Loss Allowance. Air Force will continue to operate retail stock record accounts. Today, the DPSC provides a 1% retail loss allowance to its customers. The CMSSP provides that the Army depot would receive this allowance with no provision of such an allowance to its Air Force customers.

(6) WRM Rotation Problems. Currently Air Force SRAs can obtain WRM from DPSC with reasonable shelf life by special requisitioning procedures. Army depots issue oldest stock first which, compounds an already significant Air Force medical WRM stock rotation problem.

b. Japan.

(1) Questionable Economics. An initial investment of $797,000 portrayed for acquisition of additional depot stocks with an annual net DoD savings of transportation of $22,000. At this rate, 36 years will elapse before DoD realizes a net savings equivalent to the principal on the initial investment; assumption is implied that there is no cost connected with tying up $748,000 of cash in inventory.

(2) Predominant User Concept. Although the Army is the predominant user of medical materiel in Japan today, i.e., $3.3 million per year vs. $1.6 million and $.7 million for the Air Force and Navy respectively, the Air Force and Navy military and dependent strengths supported for medical care in Japan are about 70,000 vs. 17,000 for the Army. This suggests that for Post-T-Day planning purposes both Air Force and Navy will be bigger consumers of medical materiel than the Army. It appears that tasking the Army to provide CMSS in Japan will mean perpetuation of the Army depot Post-T-Day for the primary purpose of supporting Air Force and Navy requirements.

(3) Political and Strategic Logistic Support Considerations. Plan does not address potential impact of renegotiation of Article X of the Treaty of Mutual Cooperation and Security between USA and Japan, which will have been in effect ten years as of January 19, 1970.

(4) Diminishing Southeast Asia (SEA) Activity. The Army proposal to buy $1,538,000 in additional inventory to support the CMSSP appears to involve a high degree of risk that a significant portion of this stock will be excess should there be a precipitous decline in casualties emanating from RVN.

c. Korea.

(1) Questionable Economics. Plan outlines initial additional DoD net costs of $127,000 for inventory, $6,000 initial transportation and $35,000 for heated warehouse space, with an annual recurring net savings of $15,000 ($24,000 savings on transportation, less $9,000 additive personnel costs). At this rate, 11 years will elapse before DoD savings will equate to the principal on this investment.

(2) Omission of Maintenance and Utilities Cost for Additional Warehouse Space. CMSSP does not address additive annual warehouse maintenance and utilities costs. In this regard, the Air Force has 5,949 square feet of heated warehouse space available within the medical facility at Osan AB. The 6th Army Medical Depot has only 2,780 square feet of net usable heated storage space in an area where temperatures approach zero on most winter evenings. Temperature control is essential for such things as x-ray film, drugs and biologicals.

(3) Delivery to Customers. While the CMSSP indicates that the 6th Army Medical Depot will deliver materiel to Osan AB, we are skeptical since this depot makes virtually no deliveries to its Army customers in Korea today.

(4) Past Experience with Interservice Support in Korea. The Air Force obtained medical materiel in Korea from the Army under an interservice support agreement until sometime in FY 67 when support became so poor (as low as 52% fill) that it could no longer be tolerated. Although we understand this depot may have improved its support we are reluctant to resume our dependence on it.

(5) Gold Flow. The new warehouse proposed for Korea ($35,000) and the three additional manpower spaces ($9,000/year) are "Gold Flow" items and can only serve to further aggravate US International balance of payments problems.

B. Recommendation C. The Army be authorized to develop a procedure for medical supply support of the USAF Dispensary, Kadena AB, Okinawa.

1. Air Force Position: Concur, with stipulation that Army procedures be subject to Air Force concurrence through the vehicle of an Interservice Support Agreement (ISSA).

2. Basis for Air Force Concurrence:

a. Army denies additive resource requirements to provide this support.

b. This action will contribute to the alleviation of the medical supply overage problem referred to in ASD (I&L) Memorandum, 16 Oct 63, Interservice Use of U.S. Army Medical Depot, Okinawa.

c. The U.S.Army Medical Depot, Okinawa is located approximately five miles from Kadena Air Base and is readily accessible to AF medical supply personnel.

d. That the Interservice Support Agreement for this supply support will provide for:

(1) Forwarding AF MILSTRIP requisitions for items at zero balance in the Army depot directly to the DPSC for direct shipment and billing to the AF stock record account. This provision will rule out any Army surcharge on items shipped directly to the AF.

(2) Acceptance, of a procedure, by the Army depot, to insure that AF requisitions for medical WRM are filled with items having longest remaining shelf life or potency period vis-a-vis normal fill with oldest depot items.

(3) A depot surcharge between 7% (the DPSC surcharge on standard items of medical materiel) and 12% vis-a-vis the 16% proposed by the Army. Reasons: The 16% surcharge proposed by the Army includes 3.5% for packaging, handling and crating; since one of the savings attributed to a common supply support system is consolidation of shipments we do not believe it appropriate to add 3.5% to the cost of materiel to be furnished the AF; we suggest that there will be little if any additive packaging, handling and crating charges to the Army attributable to providing support to Kadena Air Base. Further this proposed 16% surcharge includes .5% for parcel post; we submit that, if AF requisitions for items at zero balance in the depot are sent to DPSC for direct delivery and billing to the AF, parcel post charges applicable to the AF will be

billed directly to AF. Finally, the 16% proposed surcharge includes 3% for "Overseas Transportation" in addition to 6% for "Ocean Transporation from CONUS to Code 2 Traffic Areas." Assuming that the 3% "Overseas Transportation" is transportation from the Army depot to the AF, we submit that 3% is an excessive surcharge for moving materiel only five miles.

C. Recommendation D. No action to implement CMSSP-PACOM with respect to support of the Air Force in Thailand and the Navy and Air Force in Vietnam. The Air Force concurs with this recommendation.

IV. SUMMARY

A. The Air Force does not share OSD enthusiasm for universal applicability of common supply support for the medical commodity.

B. There are significant deficiencies in the Army CMSSP-PACOM e.g., it does not address:

1. Impact on customer support; if customers do not obtain support to which accustomed, they will create stocks of materiel to insure equivalent support. The CMSSP does not suggest that equivalent support will be provided.

2. Potential for new and different excesses in PACOM.

3. Costs of the increased cash investment in inventory.

C. The Air Force concurs in CMSSP recommendations for the Army to provide medical materiel support to Kadena AB, Okinawa, with the reservation that this be through the vehicle of an Interservice Support Agreement.

D. The Air Force concurs in the CMSSP recommendation to take no action to implement CMSS with respect to the Air Force in Thailand and Vietnam.

E. We do not agree with CMSS for the Air Force in Japan and Korea. Our primary reasons for this position being that the CMSSP:

1. Does not demonstrate a foreseeable economic advantage to the Air Force or DoD.

2. Provides high degree of risk for procurement of excess medical materiel.

3. Does not provide for Air Force staffing requirements for liaison in Army depots.

4. Omits reference to Army depot retail loss allowance to Air Force stock funded stock record account.

5. Provides for 16% surcharge for materiel delivered directly from DPSC to Air Force customers.

6. Aggravates Air Force stock record account WRM stock rotation problems.

7. Aggravates US international balance of payment problems."

APPENDIX E
INTERSERVICE SUPPORT AGREEMENTS

APPENDIX E
INTERSERVICE SUPPORT AGREEMENTS

1. GENERAL. Except where common supply systems have been introduced, materiel support by one Service on behalf of another is being accomplished in overseas areas through Interservice Support Agreements (ISSAs). Since no common supply systems were established in Europe, all interservice support was achieved through ISSAs. In those areas of the Pacific where common supply systems are not in being ISSAs have been applied extensively.

2. BACKGROUND

a. Retail level interservicing is defined as "interservice support between field activities (e.g., bases, posts, offices, camps, stations, installations) of the DOD components.... It excludes supply support involving supply system stocks or centrally controlled materiel."[1]

b. Added emphasis on greater use of ISSAs came about when efforts of the Office of the Secretary of Defense resulted in establishing of policies, criteria, and procedures that required and facilitated the interservice use of available materiel within DOD. Actions and refinements have resulted in interservicing at the retail level and among components of all Services both in the continental United States (CONUS) and overseas. The DOD system is presently governed by Defense Supply Agency (DSA) Manual 4140.4, dated January 1965, as amended through 18 March 1968.

c. Basic DOD policy allows each Service to request interservice support from another when the capabilities are available and such support is to the overall advantage of the Government. Each Service provides the requested support to the extent that military requirements will permit and that capabilities exist or can be made available.

d. In arranging for support between Services, existing peculiar capabilities must be utilized. If the nature of the workload does not involve peculiar capabilities, ISSAs should be in accordance with the dominant user concept.[2]

e. These types of support are formalized through use of ISSAs in accordance with DSA procedures coordinated with all of the Services.

f. These same basic procedures remain in effect. A significant change occurred in July 1966 when the Joint Chiefs of Staff authorized common Service funding (without reimbursement) for those interservice transactions between U.S. Services within the Republic of Vietnam.[3]

g. ISSA is essentially a contract between the supported command and the supporting command. The purpose of the agreement is to state clearly the arrangements between the commands involved, especially the responsibilities assumed by and rights granted to each. To be effective ISSAs must specifically outline the resources to be provided by both the supplying and receiving activities, and they must recognize the capabilities and capacities of each. Agreements are flexible since they are subject to revision if the situation changes and extension of support is desired and to termination if support is not satisfactory or resources are not available. Agreements are

[1] Defense Supply Agency Manual 4104.4, Defense Retail Interservice Logistics Manual, January 1965, as amended 18 March 1968.
[2] Department of Defense Directive 4000.19 Basic Policies and Principles for Interservice and Interdepartmental Logistic Support, 5 August 1967.
[3] Joint Chiefs of Staff Message 5846 1 July 66, Responsive Logistic Support for Combined Operations in the Republic of Vietnam (U), (CONFIDENTIAL).

approved at the local level if they can be carried out within available resources except when higher headquarters or major commands may direct otherwise. Agreements are normally written for a duration of 2 or 3 years.

3. ADVANTAGES OF ISSAs

a. A commander requiring support is in a favorable position to judge which means of logistical support has the potential of being most effective and economical in any particular situation. Conversely, the commander of the activity requested to provide such support is best able to determine his ability to provide the support requested as well as the personnel, funds, and equipment necessary for such performance. These negotiations can commence at the lowest possible organizational level and, when additional resources are required, be elevated through appropriate command channels.

b. The originator of ISSAs and their respective commands can commit to the agreed upon support with knowledge and assurance that, should conditions change, the agreements can be terminated within a relatively short period of time (30 days) without necessity for high level appeals and the possibility that such appeals may not be successful.

c. Perhaps the greatest virtue of ISSAs is their inherent flexibility. At lowest organizational levels, agreements can be reached regarding which items, classes, or general commodity areas are to be cross-serviced. There is no requirement to formally stipulate which items a supplier must furnish to all installations or activities in its geographical area. The supported activity can attain materiel through normal service channels when items are not readily available through ISSAs. Materiel is, at the suppliers option, often available through serve-marts and local issue stores, without necessity for formal requisitioning and mechanical processing.

d. Geographical proximity of the supplier and the user is a consideration in the decision to use ISSAs, as are related factors such as road and traffic conditions and availability of military and commercial transportation. Depending on these factors, the activity requesting materiel support can better determine the most effective means and channels for obtaining such support.

e. ISSAs are particularly desirable when common support may be required to overcome a lack of capability on the part of one Service or activity by taking advantage of a unique capability or resource of another Service activity, e.g., tire recapping plants, bulk petroleum handling facilities, and refrigerated or humidity controlled storage.

4. DISADVANTAGES OF ISSAs. Many of the disadvantages of common supply systems are equally applicable to ISSAs. There is a significant difference, however, in that ISSAs offer flexibilities that tend to eliminate or minimize these disadvantages. An agreement between only two activities offers alternatives that are not readily attainable between a supplier and several (or many) users. Apparent disadvantages of ISSAs are as follows:

a. Accessorial charges, in addition to standard prices, are billed to the consumer, causing costs at that level to increase with resultant effect upon command budgets.

b. Additional bookkeeping is required of the supplier along with the follow-on billing and collection workload affecting all concerned activities.

c. Suppliers assume additional workloads and require more resources (personnel, space, equipment, and inventory). Because of the possibility of cancellation, this workload is usually considered to be additive to the continuing mission assignment and, as such, is not a basis for additional resources.

d. System incompatibilities exist that are not readily resolvable at participating activity level because system design and modification is accomplished centrally by the Services at a generally high level of command.

e. Activities being serviced must maintain planning continuity to assure resumption of support in the event of wartime hostilities and/or ISSA termination.

5. APPLICATION OF ISSAs OVERSEAS

a. The Services made considerable use of ISSAs during the Vietnam era in mutually satisfying their overseas requirements for all types of logistics support. These agreements were negotiated for supplies and/or services. When supplies and services are included in a single agreement, costs are not separately identified. It is necessary, therefore, to speak of ISSAs in general terms without distinguishing between supplies and services. In this context, it has been possible to establish, to some degree, the extent to which ISSAs have been employed in recent years.

b. According to data collected, the magnitude of support provided through ISSAs on a worldwide basis during FY 65 was $229 million. The support provided to forces in the Pacific Command (PACOM) accounted for 26 percent of the total. In FY 69 the reported total value of such support was $502.7 million, of which 52 percent occurred in PACOM.

c. In SE Asia over 200 ISSAs, with an estimated annual value of support of $240 million, were in effect at the end of FY 69. In Japan, Okinawa, and Korea over 572 agreements among 250 participating activities were in effect. Throughout PACOM over 900 agreements, with an estimated annual value of $376 million, were in effect at the end of FY 69. Approximately 65 percent of those agreements were related to the supply of subsistence, POL, and repair parts. Other support provided ranged from vehicle and facilities maintenance to buoy tending and veterinary services. Of the agreements in effect, 55 percent provided for reimbursement for the support rendered. Of the total dollar value of support, 90 percent was provided on a reimbursable basis.[4-6]

6. FUTURE USE OF ISSAs. Interservice logistic support in PACOM during the Vietnam era, through the use of ISSAs, proved to be both useful and effective as a means of satisfying requirements across Service lines. Common supply systems, where employed in the future, will dispense with the need for ISSAs in many instances. However, ISSAs will continue to be necessary and should be the instruments for achieving common support in those cases where a potential for such support exists and the scope of support required is outside that provided by common supply systems.

[4]Defense Supply Agency, Defense Retail Interservice Logistic Support Reports DD-DSA (AR&O), Fiscal Years 1963 through 1969.
[5]Defense Supply Agency, Defense Logistic Services Center, Annual List of Current Agreements, Program K1015 MSTR Agreements, Data Systems Output Product, May 1969.
[6]Commander in Chief, Pacific, Letter, Serial 1327, subject: Additional Data: forwarding of, 7 March 1970.

APPENDIX F
OPERATIONAL AND PROCEDURAL CONSIDERATIONS RELATED TO COMMON SUPPLY SYSTEMS

APPENDIX F
OPERATIONAL AND PROCEDURAL CONSIDERATIONS RELATED TO COMMON SUPPLY SYSTEMS

1. GENERAL. This appendix contains a narrative conceptual analysis of common supply systems as they apply to physical, administrative, and procedural aspects and complications. Included also is a general appraisal of centralization, its advantages and disadvantages, as well as a brief resume of common supply comments from each of the military services.

2. REQUISITIONING AND REQUISITION PROCESSING

a. The creation of requisitions by automatic data processing equipment (ADPE) and their resultant transmission by the automatic digital network (AUTODIN) are relatively simple and economically accomplished phases of logistics processes as compared with manual and rudimentary mechanical (punch-card accounting machine) methods. Past and present difficulties are primarily attributable to human aspects such as manpower availability coupled with factors of intelligence, training, and proficiency. The considerable progress toward minimizing these difficulties is evidenced by the greater uniformity already attained in the distribution of materiel by means of the military standard systems. Each of the military services is developing and/or refining its requisitioner level systems, a major goal being minimizing human intervention aspects while producing requisitions of greater credence and accuracy. The requirement for submission of certain requisitions to common suppliers instead of to normal sources in the continental United States (CONUS) abrogates parts of the uniform methods attained through central computer controls by Service. These particular requisitions must be isolated and partially reformatted to accommodate a common supply concept (see paragraph 5 of this appendix).

b. CONUS inventory control points (ICPs) and stock points have the benefits of being sizable, well organized, and usually sufficiently manned organizations that depend on volume processing to maintain proficiency with economy. Because of these factors and the large numbers of customers serviced, the workload peaks of individual customers can be accommodated without noticeable effect and additive costs. Assigning these functions to a common supplier reverses these advantages. The common supplier is not as well equipped and manned to assume additional workload of this nature, and he has greater difficulty in justifying and obtaining the necessary wherewithal.

c. A common supply concept does not divorce the CONUS supplier from transactions with activities drawing materiel from the common supplier even though the number of such transactions may be reduced. Transactions between requisitioners and CONUS sources for integrated (Defense Supply Agency (DSA)/General Services Administration (GSA)/U.S. Army Tank Automotive Command (TACOM) managed) items not embodied in the common supply arrangement will continue. In addition, common usage items will be a matter of business transactions between requisitioners and CONUS for requisitions passed because of nonavailability by the common supplier (i.e., mission-oriented fill or kill requests, Issue Priority Groups I and II not immediately available to the common supplier and Issue Priority Groups III and IV not expected within prescribed time frames). Preparation and transmission of followups, modifiers, cancellations, and status information will be a continuing requirement.

3. CONSOLIDATION FOR SHIPMENT PURPOSES

a. The consolidation of materiel into shipment units and of certain shipment units into transportation units offers worthwhile advantages. Materiel and labor costs decrease as shipment

units are consolidated, since items added to a container cost considerably less than separately packaged line items. In addition, savings are achieved in preparing and affixing labels as well as companion requirements for less banding, marking, and handling. Although additive administrative efforts are involved in recording and cross-referencing items to containers, the compensating savings in preparation, transmitting, and handling; fewer advance transportation control movement documents (TCMDs), manifest cards, and in-transit data cards; and fewer bill of lading entries make both shipment unit and transportation consolidations worthwhile.

b. The myriad of conditions that must be considered in effecting a consolidation and the complexities of matching consolidatable materiel within the framework of the Uniform Materiel Movement and Issue Priority System (UMMIPS) time frames and depot physical facilities results in far less consolidated materiel than might be expected. Each item not consolidated requires individual depot handling, even though there may be subsequent transportation consolidation to a port of embarkation and/or debarkation. Under these conditions it does not matter whether the ultimate consignee is a common supplier or a recipient.

c. There are many reasons for not consolidating shipment and transportation units. Not Operationally Ready Supply (NORS) items are not consolidated with ready items. Priority Group I (Priorities 01 through 03 items are not consolidated with those in Priority Group II (04 through 08). Items without federal stock numbers (FSNs) are not consolidated, primarily because freight rate information is not a part of a master computer record and, therefore, not mechanically available. Materiel with different project codes is not authorized for consolidation. Freight rates play a significant part in what may or may not be consolidated. Items with significantly different ratings (i.e., 70 percent of 1st class vs. 300 percent of 1st class) cannot be consolidated when economics are considered. Many items are related, by FSN, to specific water commodity codes on which consolidation is forbidden. There are special requirement codes and types of cargo codes (poison, glass, sensitive, explosive, pilferable, etc.) that demand special handling and for which consolidation is not feasible. Required delivery dates, dates for turnover to transportation, geographic area release dates, etc., also limit consolidation. Decisions as to availability of weapon system delivery pouch systems, parcel post restrictions to certain consignees, and weight and girth limitations are also deterrents. In addition, depots code materiel by warehouse area and do not attempt to consolidate items that must be transported from one depot area to another. An in-depth evaluation of all facets of this subject reveals that of all shipments made, approximately 50 percent are not consolidated.

d. Uninterrupted delivery of materiel to the closest feasible proximity of the intended user offers worthwhile benefits in speed, compactness, and physical security. Further exploitation of the shipment containerization program, to attain maximum use, will enhance this end. This precept is abrogated, however, when common supply systems are interposed between users and CONUS supply sources. Other disadvantages to shipment unit consolidations include too much volume on packing lines; consolidation of too many items within a container; problems requiring detailed amendment to documentation caused by warehouse refusals; and requirements for special equipment to handle large and weighty containers.

e. Because of these conditions it should be recognized that the existence or nonexistence of common supply systems does not measurably influence CONUS ICP and depot workload and transportation costs. Some consolidation will always be effected. Lacking a common supply system, common use items will be consolidated, when feasible, with integrated (DSA/GSA/TACOM managed) items that are not used commonly. Workload differences, when spread among 5 DSA centers and 7 DSA depots are infinitesimal and well within expected volume and workload variations of normal day-to-day operations.

4. TIME, DISTANCE, AND RESPONSE FACTORS

a. Delivery of materiel from supplier to user under a common supply concept introduces many diverse problems, especially in pick-up and delivery. The solution does not lie in realignment of communications and transportation channels because common supply does not eliminate the necessity for continuance of existing lines. Under common supply arrangements, existing channels would continue for materiel not incorporated thereunder. Specifically, the common

supply system would only embody those DSA/GSA/TACOM-managed items specifically selected, leaving the entire balance of requirements to be attained under normal service requisitioning and delivery procedures.

b. Each military installation is serviced by established lines of communication and transportation that are workable and reasonably efficient but not optimum. A common supply system does not eliminate or substantially reduce these lines. Instead, additional communications and transportation requirements are imposed. As in most cases where systems are fragmented, additional requirements are reflected in additional manpower, facilities, equipment, and administrative functions. The shift of the distribution process from ICPs and stock points to common suppliers requires increases in such functions as issuing, packaging, pickup, and delivery (both military and commercial).

c. For example, in Japan roadways are very narrow and traffic is exceedingly heavy. To superimpose additive requirements for greater frequency in traffic between installations, especially to those that are not already in the communications and transportation network, would dictate additive trips, deliveries, and pickups at less than optimum conditions. Schedules would require greater frequency, and equipment used would be dictated by distance and road conditions. Use of commercial facilities on the local economy would necessarily require greater administrative aspects as well as additional monetary expenditures and delays.

d. The Naval Supply Depot (NSD) at Yokosuka is 50 miles from Tachikawa Air Base, but it takes 180 minutes for a one-way trip by motor vehicle under ordinary circumstances. The 18-mile trip from Tachikawa to Sagami Depot takes 60 minutes. These time and distance factors exemplify the transportation difficulties in establishment of routing patterns to accommodate common supply systems.

e. Additionally, common supply arrangements bring forth the matter of frequency scheduling. For example, the present twice a month schedule from Tachikawa Air Base to Yokosuka NSD would necessarily be increased, as would special trips for emergency pickups.

f. On Guam a similar situation exists but to a lesser degree. Road conditions are much better; however, traffic enforcement and routing keeps movement at a slow pace. It takes approximately 1 hour for a 30-mile, oneway trip between Andersen AFB and NSD Guam.

g. In Korea, where a Common Medical Supply System was implemented in late 1969, it is 45 miles from Pusan (Army) to Chinhae (Navy) and 52 miles from Ascom City (Army Medical depot) to Osan Air Base. In Thailand, also the subject of a recent study aimed toward possible Common Medical Supply System inclusion, the Army Medical Depot at Korat is 230 miles from U-Tapoa Air Base, which is adjacent to the Sattahip Port.

h. UMMIPS established maximum time limits for processing requisitions, including transmission media for documentation, release of status information, and release of materiel to carriers. It prescribes that requisitions in Priority Groups I and II shall be processed on a 7-day week, 24-hour workday basis. Again using the common supply system on Guam as an example, NSD is not manned nor do they intend to deliver materiel to Andersen AFB during other than normal duty hours. Should requirements arise during off-hours, week-ends, and holidays, Andersen AFB would have to assume the responsibility for picking up its materiel from NSD Guam.

5. PROCEDURAL COMPLICATIONS AND DUPLICATIVE WORKLOAD. Establishment of common supply systems and positioning them between requisitioning activities and their normal previous sources of supply results in procedural complications, costs, and duplicative workload. These additives, unfortunately, do not supplant entire previous systems or even major parts thereof, as in cases of system refinement. They are usually overlays pertaining to individual FSNs and require fragmentation of normal systems in order to attain the required different data entries, flow, and peculiar handling. Examples are given in the following paragraphs.

a. Stocking New Items. When requisitioning directly upon ICPs, activities need not anticipate requirements in advance to enjoy reasonable expectations that materiel will be available for shipment at the time of receipt of requisitions. Management of wide ranges of items to support numerous requisitioning activities contributes to this posture. Common supply arrangements, however, require that either requisitioners anticipate requirements sufficiently in advance and/or that a given number of demands be recorded by the supplier before an item is stocked.

b. Updating Listings for Common Use Items. Recurring efforts (usually quarterly) are necessary to match the records of common suppliers and requisitioners to determine which items, by FSN, are commonly used. The results, in the form of listings and/or catalogs with additions and deletions, must be published, circularized, and processed against individual line item records of all concerned to insure that the correct supply source is overlayed. This ostensibly simple procedure introduces such latent complications as the following, which also apply to the previous paragraph on stocking new items:

(1) Although not identical in application, scope, and depth, both the Air Force and the Navy have mechanical systems that selectively furnish data to those of their activities having interest in specific items, by FSN, on which there are catalog changes. These disseminations include supply source data in order to accommodate migration of items between ICPs and other supply sources. The automatic aspects of these systems must be subjugated to preclude changing sources for those common use items supported by a common supplier. These catalog systems, which are centrally designed and managed to insure accurate and concurrent updating of records, must be fragmented on an area-by-area basis for a very small percentage of line items.

(2) This situation introduces still another requirement. To avoid confusion, error, and rejection of transactions, it is essential that catalog changes be effected worldwide on a predetermined date. The introduction of common suppliers between requisitioners and their former supply sources complicates efficient attainment, as different systems feed the various participants.

c. Interchangeability and Substitution. The determination of interchangeable and substitutable items has an impact on requirements computation and is a responsibility of the managing ICP. Organizational structures and manning provide commodity specialists and extensive research ability to provide this service. The range of items decreases with each supplying element between the ICP and the ultimate user. Similarly, item knowledge and research ability decreases. Unless systems are designed to restructure and pass interchangeability and substitution tables to common suppliers, the economies and flexibilities inherent in greater centralization of requisition processing become dissipated.

d. Accessorial Charges. Materiel furnished by common suppliers is subject to accessorial charges that are not applicable to shipments resulting from direct requisitioning upon CONUS sources. In Guam, for water shipments other than parcel post, these charges amount to catalog prices plus 13 percent. Comparable costs for the Common Medical Supply System are stated at 16 percent, which includes a 3 percent charge for in-theater transportation. These same charges pertain to requisitions passed to CONUS sources, even though shipments are made directly to requisitioners and do not require physical handling by common suppliers.

e. Billing and Collection. Common supply concepts require duplicative effort. The CONUS supplier transacts business with requisitioners for items furnished as result of direct submissions and, in some instances, when requisitions are passed to higher echelons because of nonavailability at the common supplier level. Similarly, these types of transactions are between the common supplier and the requisitioner for items available from such suppliers. Preparation and submission of bills by ICPs and by common suppliers serve similar purposes even though their methods vary. Consignees must research and react individually to these separate activities.

f. Back-Order Reconciliation. These efforts are also duplicated under common supply concepts. Periodic back-order reconciliation (reconciling the supplier's due-outs with the requisitioner's due-ins) is a requirement of the Military Standard Requisitoning and Issue Procedure (MILSTRIP). Within the same commodity areas a common supplier must reconcile its due-outs

with the due-ins of its requisitioners. CONUS ICPs, to which requisitions have been passed, must also reconcile with the same requisitioners and, in some instances, for identical FSNs, Methods of reconciliation, although serving the same purpose, are not necessarily identical. CONUS ICPs furnish card decks instead of machine listings, as in the case of the common supply system on Guam. Processing methods at requisitioner level must be tailored to the type of product furnished.

g. System Differences. MILSTRIP is not, as the name might imply, an entirely standard system. Each Service was allowed certain leniencies in service use codifications to accommodate Service peculiarities. DSA/GSA applications were developed subsequent to those of the Services and were designed to process demands of any Service without dropping essential data or adding incompatible data. Conversely, there is some conflict when one Service processes requisitions of another, as under common supply concepts. Each of the several common supply arrangements in operation has its own peculiarities and does not respond to customers with the entire range of MILSTRIP processings and output as do CONUS ICPs. Examples are recognition and perpetuation of Service-peculiar codes, accepting requisition modifiers, and returning the full range of supply and shipment status.

h. System Changes. Another major point of consideration is the process of system refinement. Each change to the various military standard programs is a major undertaking in itself and must consider the requisitioner as well as ICPs and stock points. Introduction of common supply systems and the requirement that they too must be considered in future systems changes introduces a new element that makes more inflexible systems that are already exceedingly difficult to amend.

6. ALLOCATIONS OF MATERIEL. The Assistant Secretary of Defense (Installations and Logistics) (ASD(I&L)) policy for design and implementation of CSS requires that UMMIPS be used for allocation and release of materiel. Successful application, especially when depths of stocks are limited, is largely contingent upon equality in Force Activity Designator (FAD) assignments as well as the requisitioner's integrity in selection and use of priority designators. Another factor relates to computer programming and decisionmaking at the common supplier level. There can be little doubt as to the fairness of a properly programmed computer decision technique, but the same cannot always be said of decisions made by humans. When items are in short supply and there are competing demands from requisitioners of other Services, there could be natural and understandable inclinations towards parochialism favoring activities of the supporting Service.

7. USE OF AVAILABLE SUPPORT FACILITIES

a. The Deputy Assistant Secretary of Defense (Supply and Services) (DASD(S&S)) prescribes use of available support facilities, where appropriate, even though such facilities are not owned by the lead department. He uses, as an example, the warehouse facilities at Andersen AFB for storage of some items for issue by the common supply system operated by NSD, Guam.

b. As previously stated, it seems illogical that, as proposed by Phase III of the Guam CSS Plan, NSD Guam should assume support responsibility for the approximately 40,000 DSA/GSA/TACOM-managed line items that are solely used by Andersen AFB in the Guam area. This becomes especially significant when considering that, in order to perform these functions, the NSD would necessarily use Andersen AFB's warehouse and related support facilities.

c. Considering that, in addition to the cost of materiel, substantial accessorial charges are also being levied against requisitioners, it is reasonable that reimbursement will be required for space, facilities, utilities, protection, etc., and that there will be additional workload to accommodate the attendant recording, billing, and collections.

d. Conversely, if the supplier furnishes these services at the installation of another, there are unusual costs involved. These costs include the transportation of manpower and equipment to perform the myriad of supply functions including, but not restricted to, receipt, inchecking, identification, storage, location, inventory, stock-picking, and issue, as well as the accomplishment

of required documentation pertaining to each action. These facets are not overly simple or economical when performed in-house, and the complexities become more apparent and the functions less flexible when performed at another location.

8. PERIODS OF MANPOWER AND BUDGETARY REDUCTION

a. Once directed, the common supplier is committed to its continuance unless authoritatively revoked by ASD(I&L). Unlike Interservice Support Agreements (ISSAs), which may be cancelled by mutual agreement of the parties concerned or by participating parties upon 30-day notice to other parties, common supply systems do not have this escape proviso.

b. The common supplier, in its budgetary process, incorporates funds to accommodate required manpower and facilities. Experience reveals that the necessary wherewithal is often not made available. Although failure to provide these requirements seldom, if ever, precludes accomplishment of the additional mission, other duties, be they related or diverse, suffer accordingly.

c. In a recent example, the NSD Guam, as a condition for assuming common supply responsibilities, documented a requirement for additional manpower and requested hiring authority sufficiently in advance of implementation. Implementation was directed by ASD(I&L) without furnishing any of the requested manpower spaces, and Navy was advised that adjustments would be considered sometime after implementation. The Navy reclama stated that they had been directed to assume a 26 percent manpower cut; that no relief was in sight; and that more cuts were anticipated. They were advised that the manpower requirements would have to be accommodated from overall Navy allocations. Common supply implementation was affected by NSD Guam even though they did suffer the manpower reduction. It is not yet known what the actual effect is or will ultimately be on the support of Andersen AFB and the other agencies and departments.

d. The Common Medical Supply Support Plan - PACOM is experiencing a related situation except that it pertains to facilities rather than to manpower. The Army presented a requirement for a heated, 4,800 square foot warehouse at a cost of $34,500 in order to assume support of the Navy and the Air Force in Korea. ASD(I&L) acknowledged the request and asked for reevaluation of the request for additional warehouse space. The system is in process of implementation without resolution of the warehousing problem.

e. With situations such as the aforementioned unresolved during inception phases of common supply systems, the question arises as to the effect of budgetary and manpower reductions during their operations. Ostensibly, the supplier, with the indulgence and cooperation of its command echelons, includes these responsibilities in manpower, funding, and facility considerations. Failure to fulfill must directly impact upon the operation and mission of the supplied activity, which is captive to a system over which it exerts no direct voice and influence.

9. CENTRALIZATION APPRAISAL

a. Inasmuch as each military service is charged with accomplishing its assigned mission, its supply support, as an essential ingredient for performance efficiency, cannot be divorced from operational considerations. Although the high costs of providing materiel are always of concern, equal consideration must be afforded to the still higher costs of failing to provide.

b. The extent to which supply support should be centralized presents a variety of positions, each of which may be strenuously argued. These range from complete decentralization, where supplies are provided from stocks under control of the requiring military Service, to complete centralization, where all integrated materiel (DSA/GSA/TACOM-managed) is to be provided by a common supplier issuing (selling) directly to the ultimate consumer. There are various methods for accomplishing these concepts, such as by existing intraservice systems, ISSAs, extension of common supply systems, extension of DSA to overseas areas, establishment of a DOD system to support demands for all integrated items to overseas activities, or any mix of these methods. Optimum methods for providing support under the existing military operational and distribution

structure falls somewhere between these parameters and probably by a mix of these methods. Additional systems provide support on a cross-service basis for items peculiar and common to specific systems (as opposed to DSA/GSA/TACOM-managed items), but they are not pertinent to this monograph.

c. Economic gains have been realized by providing supply support at the wholesale level, as in the case of integrated management responsibilities of DSA, GSA, and TACOM. DOD directed centralized support continues to increase by means of common supply systems in overseas areas, as proposed by ASD(I&L). While the greater emphasis is upon the Pacific area, there are similar actions relating to other geographical areas. Having proved the value of integrated item management at the ICP level, further extension of the concept to overseas areas also seems worthwhile.

d. The process of centralization of supply support in additional areas does not assure that gains will be realized. Specific anticipated gains are not usually identified except in vague terms (eliminate duplications, reduce retail levels, preclude excesses, etc.). The conditions and cost implications in dollars and support effectiveness inherent in extension of supply centralization are not usually acknowledged. Greater centralization, to the degree being proposed, can endanger the operational capability of the activities to be supported. It is essential that consideration be afforded to the types of benefits potentially available through centralization and to the costs and conditions pertaining to realization of such benefits.

e. A considerable amount of centralized support is already in being, including local arrangements, headquarters approved ISSAs, wholesale ISSAs, and common supply systems. The difficulties and costs of creating, implementing, and maintaining systems for centralization increases proportionately with the degree of centralization. A tradeoff is involved that becomes crucial to the decision to centralize, if economy is a consideration. Although experience with prior programs may be cited to demonstrate savings potential, examinations of purported savings will often reveal one-time savings being attributable to centralization of management improvements that could have been achieved without centralization.

f. Support uncertainities arise from changing missions and materiel additions resulting therefrom. Unless the supplier is responsive to such changes, support will be downgraded. This is always a basic problem and is exaggerated under a common supply concept when the supplied activity is dependent upon another Service's system. As the scale of support operations increases, the administrative complexities and costs of achieving such support also increase. If adequate capability is not provided, the system will become less responsive. Customers will attempt to assure their support in alternate ways. Examples are increasing stock levels by manipulating the establishment and leveling factors, hiding materiel in bench stocks, and increasing war reserves to allow use for buffer purposes. The supplier, to assure support under these conditions, might increase levels and obtain additional stock to absorb sluggishness, thereby reducing savings potential. Unless response is insured on a centralized basis, the anticipated savings will not materialize.

g. Overall order and shipping time is shorter when the requisitioner can deal directly with the CONUS supplier instead of with a supplier who must, because of the distribution pattern of its parent Service, process requisitions through intermediate points. Complexities increase for each administrative element that becomes involved in the processing, handling, and routing of requisitions and follow-on transactions, and the chances for delay and loss increase proportionately with each intermediate processing level.

10. COMMENTS OF THE MILITARY SERVICES. Each of the Services has commented on common supply systems. Although no specific pattern allows detailed comparison, a summary of salient comments, by Service, is as follows:

a. Army[1]

(1) CSSs in geographically selected areas for certain types of materiel will result in overall economies and effectiveness. Greater flexibility should occur by controlling ranges of items and integration of pipelines. Reservations are expressed as to responsiveness and timeliness of support and the ability to maintain visibility and control over war reserves. Harmful effects, caused by system complexities and funding, are anticipated.

(2) Assignments should be on a geographical basis but considering such other facets as predominant user, type of activity, availability of storage space, etc. These factors are presently accommodated in existing Interservice Support Agreements (ISSAs).

(3) Policy guidance should be developed jointly by the Services, the Joint Chiefs of Staff, and the Office of the Secretary of Defense. Participants should provide timely forecast data to augment historical demand data. Established systems should be the sole source of supply to prevent CONUS multiple pipelines and to insure proper supply levels are maintained within country. Funding procedures should be provided to preclude cumbersome operations and huge documentation workloads as currently being experienced for reimbursements in Vietnam.

b. Navy[2]

(1) Common Supply Systems can only be evaluated on a case-by-case basis. The concept in itself should never be a basis for its implementation and should not be an end in itself. Requirements of operational commanders must be given full recognition. Primary consideration must include capability to provide responsive and effective support within reasonable cost criteria. There are indications that CSSs are not considered basic mission assignments but rather additive functions as evidenced by application of additive charges (accessorial).

(2) There is not a completely satisfactory definition of "common supply support" or "common supply system." The term "common service" is routinely applicable to that type of support for which no reimbursement is required and the term "cross-service" to that for which reimbursement is required. Although the recent consolidation of supply support on Guam is referred to as a "common supply system" there is little to distinguish it, in terms of supply support results, from the support arrangements that could have been made through an interservice support agreement.

(3) The impact of CSS on NSD Guam included increased workload in all supply aspects, increased stock levels with corresponding increased requirements for Navy Stock Fund obligational authority, increased computer capability and publication and maintenance of a common item catalog. Andersen AFB was confronted with physically moving stocks to NSD which Navy then warehoused.

c. Air Force[3]

(1) Although it does not doubt that the Guam CSS, with its modifications, will be workable, the Air Force sees no evidence that measurable savings result from common supply systems. Benefits that might be derived will be overshadowed by forced additive problems and costs. Double handling and double transportation factors are cited. They explain in considerable detail the systems incompatabilities heretofore experienced in Vietnam, including the waste of time and manpower required to capture and reformat requisitions to conform to other Service system peculiarities.

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[1]Department of the Army, Office of the Deputy Chief of Staff for Logistics, Memorandum, subject: Common Supply System, 10 November 1969.
[2]Department of the Navy, Office of the Chief of Naval Operations, Memorandum, subject: Common Supply, 24 October 1969.
[3]Department of the Air Force, Office of the Director of Supply and Services, Letter, subject: Common Supply Systems, 8 October 1969.

(2) The support provided by the common supply system in Vietnam has been unsatisfactory. At Pleiku, for example, 43 percent of their requisitions for common supply items were referred to CONUS DSA/GSA Centers with an inordinate time delay due to such common supply involvement. Additionally, War Reserve Materiel (WRM) problems are introduced by common supply procedures. Bases rotate oldest stocks first and thereby maintain WRM currency. Reduced base levels coupled with common supply system issuance of oldest stocks deters this base ability.

(3) As a result of experience gained in the 1950's, overseas Air Force Depots were discontinued. This decision was based on demonstratable logistics advantages in eliminating layers between users and wholesalers. The Air Force concept of operations, i.e., mobility versus stability, in overseas roles and rapid transport were also considered. By introducing additive elements between requisitioners and ICPs, timely support is often impaired.

(4) Preference is expressed for support of common use items by means of ISSAs as at present and for support of installations rather than units. Direct support of units is not concurred in as they know of no way this could be done with Service autonomy.

d. Marine Corps[4]

(1) Common Supply Systems are not a prerequisite and the Marine Corps would prefer not to have them. It is Marine Corps policy to seek and use ISSAs whenever available. If there are to be CSSs, however, they feel that the dominant user is the logical operator as in the case of ISSAs. They consider it mandatory that they be authorized to call upon their own supply system for support under conditions of emergencies and CSS failures.

(2) A supply system must have the characteristics of absolute responsiveness for essential items. A Service chief must have assurance that operational units are not deprived of supply support essential to operational mobility and effectiveness. When a Service chief commands those who provide supply support he can obviously place a higher level of confidence in the expectation that the support will be adequately performed. When, for economic gain, he permits a break in command by depending on another military organization for performance of supply support, the risk may be somewhat higher due to the loss of the direct command relationship. The gain, therefore, must be balanced against the risk involved in the ability to respond. The risk may be magnified by overseas location and the operating environment of both the supplier and the supplied.

(3) They are especially concerned with CSS application to Fleet Marine Forces. In addition to the loss of control by the Service commander, their concern is with a CSS being operable during early phases of combat operations; problems of redeployment to new geographical areas, leaving residual stocks in CSSs; and the drying-up effect on Service funding and system stocks that would have to be immediately reconstituted upon redeployment.

[4]Department of the Navy, Quartermaster of the Marine Corps, Memorandum, subject: JLRB Requirement No. 39, Common Supply System, 28 October 1969.

APPENDIX G
LIST OF ACRONYMS AND ABBREVIATIONS

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ADPE	Automatic Data Processing Equipment
AFB	Air Force Base
AFLC	Air Force Logistics Command
AFM	Air Force Manual
AFSC	Air Force Systems Command
AID	United States Agency for International Development
AMC	Army Materiel Command
AMMA	Army Medical Materiel Agency
ARVN	Army, Republic of Vietnam
ASD(I&L)	Assistant Secretary of Defense (Installations and Logistics)
AUTODIN	Automatic Digital Network
CINCPAC	Commander in Chief, Pacific
CINPACAF	Commander in Chief, Pacific Air Force
CINCPACFLT	Commander in Chief, Pacific Fleet
CINCUSARPAC	Commander in Chief, U.S. Army, Pacific
CMSSP-PACOM	Common Medical Supply Support Plan—Pacific Command
CNO	Chief of Naval Operations
COMSERVPAC	Commander, Service Force, U.S. Pacific Fleet
COMUSMACV	Commander, U.S. Military Assistance Command, Vietnam
CONUS	Continental United States
CSS	Common Supply System
CTZ	Corps Tactical Zone
DA	Department of the Army
DASD(S&S)	Deputy Assistant Secretary of Defense (Supply and Services)
DCIA	Deputy Comptroller for Internal Audit
DPSC	Defense Personnel Support Center

DOD	Department of Defense
DSA	Defense Supply Agency
DSSP	Direct Supply Support Point
EOQ	Ecoromic Order Quantity
FAD	Form Activity Designator
FEDSTRIP	Federal Standard Requisitioning and Issue Procedures
FSN	Federal Stock Number
FWMAF	Free World Military Assistance Forces
GSA	General Services Administration
HSAS	Headquarters Support Activity, Saigon
ICC	Inventory Control Center
ICP	Inventory Control Point
ISSA	Interservice Support Agreement
ISSP	Interservice Supply Support Program
JCS	Joint Chiefs of Staff
JLRB	Joint Logistics Review Board
MAAG	Military Assistance Advisory Group
MAF	Marine Amphibious Force
MHE	Materials Handling Equipment
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning and Issue Procedures
NIS	Not in Stock
NMC	Naval Material Command
NORS	Not Operationally Ready - Supply
NSA	Naval Support Agency
NSD	Naval Supply Depot
NSF	Navy Stock Fund
O&MN	Operations and Maintenance, Navy
OSD	Office of the Secretary of Defense

PACOM	Pacific Command
POL	Petroleum, Oils, and Lubricants
PRISM	Progressive Refinement of Integrated Supply Management
PURA	Pacific Utilization Redistribution Activity
RO	Requisitioning Objective
ROK	Republic of Korea
RVN	Republic of Vietnam
SMOA	Single Manager Operating Agency
SSD	Specialized Support Depot
TACOM	U.S. Army Tank Automotive Command
TCMD	Transportation Control Movement Document
UMMIPS	Uniform Materiel Movement and Issue Priority Systems
UND	Urgency or Need Designator
USAMDR	U.S. Army Medical Depot, Ryukyu Islands
WRM	War Reserve Materiel

APPENDIX H
BIBLIOGRAPHY

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